





## EUROPEAN NEWS

## Splits emerge among French parties over European elections

BY ROBERT MAUTHNER

PARIS, Oct. 23.

SHARP DIFFERENCES of opinion about the desirability of direct elections to the European Parliament, which are due next June, emerged over the weekend between the various French political parties and within the Gaullist and opposition Socialist parties.

M. Michel Debre, a Prime Minister under General de Gaulle, and long-time opponent of direct elections, has called unequivocally for a "renegotiation" of the agreement between the nine members of the European Community on this subject. While other Gaullist leaders are taking a less extreme line, all of them have expressed serious reservations about the project.

M. Jacques Chirac, the party leader, and M. Maurice Couve de Murville, another former Prime Minister and Foreign Minister, have underlined what they consider to be a dangerous contradiction between the official French view of the European Parliament's powers and that of the smaller Common Market members.

Although they point out, President Giscard d'Estaing, has stated clearly that France will not accept an extension of the parliament's powers, even after it has been elected by universal suffrage, this interpretation is hotly disputed by Holland, Belgium and Denmark, who want the parliament to develop into a genuinely supranational institution.

As long as these fundamental differences over the parliament's role exist, say the Gaullists, it would be unwise to hold the elections.

Although the Socialists have accepted the principle of direct elections, a substantial Left-wing minority of the party remains hostile. The debate over the weekend on the Socialists' manifesto for the European elections brought to light serious differences between the two wings of the party, particularly over the proposed European Monetary System.

The text which was finally adopted fell well short of the Left-wing Ceres group's demand that the monetary operation scheme, in its present form, be rejected out of hand. But the manifesto did emphasise that the party would oppose any harmonisation of economic policies which aimed only at "managing crises" and to breathe new life into the capitalist system, at the expense of the workers.

Among the other main points in the Socialist manifesto were a call for absolute priority to be given in the member states' economic policies to full employment, strict rules for multinational companies—such as restrictions on capital movements and transfers of profits—and an enhanced role for the European Parliament in the preparation and control of Community decisions.

## W. German growth forecast at 4%

BY ADRIAN DICKS

BONN, Oct. 23.

WEST GERMANY faces the prospect of real Gross National Product growth next year of around 4 per cent, a somewhat higher inflation rate of 3.5 per cent, and a limited reduction in unemployment, according to the autumn report of the country's five leading economic institutes.

The institutes, for once virtually unanimous in their assessment of the economic outlook, confirm the now general view that the West German economy is in a phase of cyclical upswing. Although the institutes' joint working party pays due regard to the importance of buoyant private consumption in helping to bring this about, it also notes that the main discernible reason for the upswing has been the series of stimulatory steps taken by the Government over the past 18 months.

Although the dollar is not, in the working party's view, to regain strength in the immediate future, it points out that West German exports to the U.S. have actually been rising faster despite the unfavourable parity

relationship. Some slowdown is to be expected next year, more because of the outlook for the U.S. economy than because of the exchange rate.

In contrast, the institutes expect some strengthening in other West German export markets such as Western Europe, Eastern Europe and the OPEC states. A continued 6 per cent increase in the volume of real world trade should correspond to roughly the same rate of growth for West German exports.

Meanwhile, imports into West Germany should also go on running at a high level and should continue to make a worthwhile contribution to the economies of neighbouring countries.

Partly because it sees little prospect of any substantial reduction in unemployment, the working party concludes that the present outlook is "despite a

number of improvements, in no sense to be described as satisfactory."

In contrast to their last report, which called for tax cuts along the lines now close to final Parliamentary approval, the institutes make no clear-cut recommendations for fresh Government action beyond advising the Bundesbank to hold harder to its monetary growth targets, and appealing to the Bonn Government to set clear policy outlines for its public investment and deficit spending plans.

The Christian Democratic Union, West Germany's main conservative party, assembled in Ludwigshafen today to draw up a political programme for the first time in its 30-year history. One of the main planks in the new programme is the maintenance of the free enterprise economic system.

## Police unrest as Basque murders increase

BY DAVID GARDNER

MADRID, Oct. 23.

TWO CIVIL GUARDS were shot dead and two others seriously wounded last night in a residential area on the outskirts of the Basque city of Bilbao. The civil guards were ambushed when returning from duty at a local football match. The evidence suggests that the ambush was the work of the military wing of ETA, the Basque nationalist guerrilla organisation.

This makes 64 deaths in political violence this year, 26 of them policemen and all but four in Basque country. ETA has stepped up its assassination campaign since the summer, and has killed seven policemen in the past two weeks alone.

The killings have led to serious unrest in the paramilitary police forces which came to a head 10 days ago, following the murder of two members of the Policía Armada.

After the funeral for their dead colleagues, several hundred policemen tested and insulted senior police and civil authorities in the worst outbreak of police insubordination since General Franco's death. The Government responded with unusual speed and firmness, putting 50 policemen under arrest pending a possible expulsion from the force.

Most of the radical and nationalist left has opposed the demonstration, organised by the major Basque nationalist party in Parliament, while the major parties object to the inclusion of opposition to "institutional violence" among the marchers' stated aims.

New Zealand obviously could not state terms on access of agricultural produce to the Community, Mr. Muldoon said. But it would go on pressing its views about what it saw as the "economic lunacy" of aspects of the CAP.

The CAP applied to the proposed new Community sheep meat regulation, of critical importance to New Zealand which supplied around 80 per cent of EEC sheep meat imports.

Mr. Muldoon feared the results of a regulation for this product could be "even crazier" than those already caused in the beef and milk sectors—bigger price increases and dwindling consumption.

Both New Zealand and West German officials say there were no suggestions that Bonn was prepared to press for alteration of fundamental principles of the CAP. But the Germans say they are ready to argue for special arrangements within those principles to assure New Zealand continued access to the Community Market—not least for sheep meat.

Unofficially, New Zealand government sources point out that some of the CAP's principles are not being observed anyway; for example, those advocating a free market and reasonable prices for consumers. They express confidence that ultimately the CAP as it presently operates will collapse under its own contradictions, which New Zealand shows it can but meanwhile New Zealand produces more cheaply and efficiently than Europe.

Mr. Muldoon emphasised that a good turn in the long run by New Zealand was making big

## SCHEEL'S AUSTRALASIA VISIT

## Bonn sympathetic to New Zealand's needs

BY JONATHAN CARR IN WELLINGTON, OCTOBER 23

NEW ZEALAND now believes it can expect firm West German support for its agricultural produce. But there was a point beyond which further exclusion from the EEC market would mean serious consequences for the New Zealand economy.

This would not only curtail New Zealand's own ability to import but would undermine the role it sought to play for economic and political stability in the whole South Pacific theatre. The discussion of that role had been an important part of the talks with German officials and Mr. Muldoon, New Zealand's Prime Minister, had been clearly understood.

This message is stressed in a report on future relations with the European Community issued by the New Zealand Prime Minister just as the German delegation arrived here. It states it is inconsistent of the EEC to support the development of South Pacific countries through the Lome Convention and at the same time to weaken through the CAP New Zealand's contribution in the one part of the world where it is equipped to play a major role.

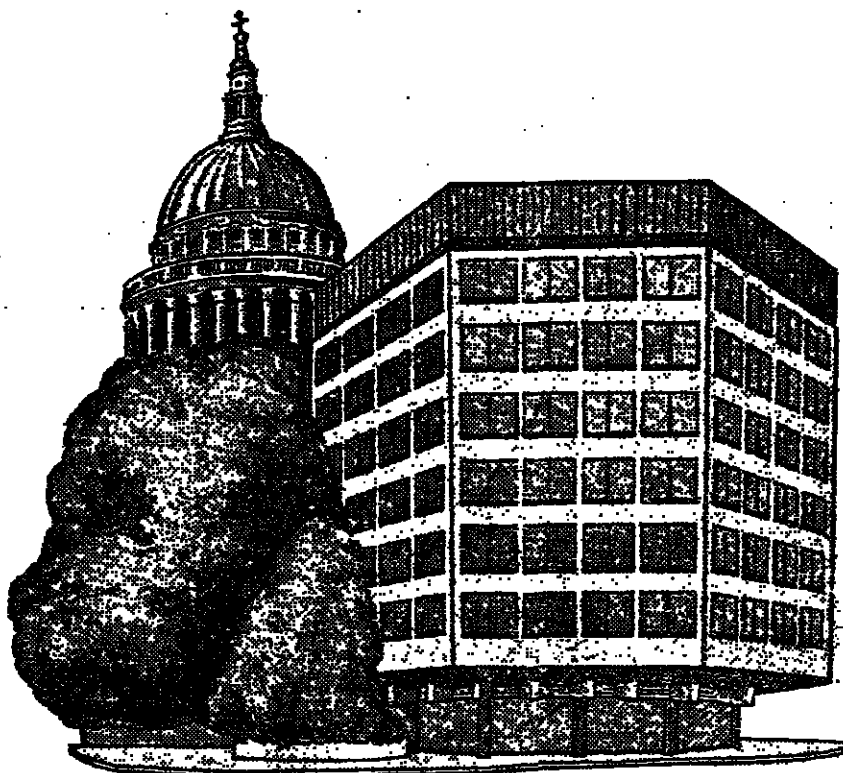
The Council is an independent body but its members include the Ministers of Agriculture, Development and Commerce. The Treasury, his recommendations are thus likely to carry considerable weight with the Government.

On agriculture the recommendations include: a continued rate to the EEC of around £15,000 a tonne but annually after 1980, when the arrangements for access already agreed with the Community expire.

Further access for "minimum quantities" of cheese, a topic which the Community has agreed to consider with "special urgency" once existing arrangements expired in 1977 but which was still outstanding.

A sheep meat regulation allowing New Zealand to retain its traditional position on the Community market. In return, New Zealand would be ready to open further its own market to imports of manufactured goods from the European countries. Big opportunities are seen for joint ventures, particularly in the energy and fishing sectors, and New Zealand would clearly welcome more foreign capital to help it further to diversify its economy.

But all that depends on a relatively stable export market share for those agricultural products which New Zealand shows it can produce more cheaply and efficiently than Europe. Mr. Muldoon emphasised that a good turn in the long run by New Zealand was making big



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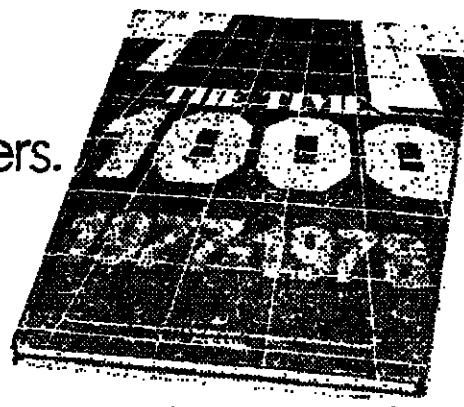
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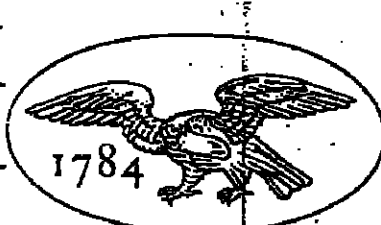
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## U.S. backs Greece's terms for full role in NATO

BY OUR OWN CORRESPONDENT

ATHENS, Oct. 23.

THE UNITED STATES has promised to support negotiations for Greece's return to full membership of NATO under a special status and to maintain the military balance in the Eastern Mediterranean following the lifting of its arms embargo on Turkey.

The pledges were made by the deputy Secretary of State, Warren Christopher, during two days of talks with Greek leaders. The visit has been seen here as an attempt by the U.S. to mend fences with the Greeks, who feel that President Carter has failed to maintain a balance policy in the area by tilting towards Turkey at Greece's expense.

Greece withdrew from the military structure of NATO in August 1974 after the Turkish invasion of Cyprus. Under the special relationship proposed by Greece in June last year, the Greek armed forces would remain under national command except in an East-West conflict when they would be reintegrated into the NATO command. NATO headquarters would also be set up in Greece under Greek Command, similar to that in Izmir which is now under Turkish command.

The road to such a special arrangement is being blocked by Turkey which has linked the issue to the settlement of the zones of responsibility in the Aegean where it is seeking an increased role.

The Greek Premier, Mr. Constantinos Karamanlis, said at the weekend that Greece has no intention of negotiating its special status with NATO on the basis of conditions put by Turkey and that Ankara will have to bear responsibility for

any further prolongation of the situation in the south-eastern flank of the alliance.

Well-informed sources said that during their talks, the Greek Premier told Mr. Christopher that any significant delay in Greece's return to NATO would force Greece to withdraw completely from the alliance as a result of the abolition of American military bases on Greek soil.

An agreement between Greece and the U.S. governing the status of these bases, while the United States and NATO umbrella was initiated in July last year but is still awaiting approval by the Greek parliament. The opposition Panhellenic Socialist Movement (PASOK) and the Greek Communist Party (KKE), which together won 10 per cent of the votes in November's general elections, want Greece's complete withdrawal from NATO and the closing down of the U.S. bases.

Both the parties have won ground, largely because of their anti-Americanism and anti-NATO stance. The Government can ill-afford to allow the matter of NATO re-entry to remain in limbo much longer.

The sources said Mr. Christopher told Mr. Karamanlis that Washington would press for an agreement to be reached by the end of this year on a basis satisfactory both to Greece and to the alliance.

A joint statement at the end of the talks said Greece and the U.S. agreed that the resolution of disputes in the Aegean should be sought peacefully through internationally established procedures, avoiding provocation or the threat or use of force.

## Oslo chides UK general

BY FAY GJESTER

OSLO, Oct. 23.

NORWAY'S DEFENCE Minister Rolf Hansen has sharply rebuked the head of NATO's Northern Command, Britain's Gen. Sir Peter Whiteley, for remarks made in a newspaper interview on Friday.

Sir Peter told the Oslo Aftenposten that he was disappointed in the low growth of Norway's defence expenditure as revealed in this month's state budget proposals, and suggested that the Storting (Parliament) might amend the budget to increase defence allocations.

Mr. Hansen described Sir Peter's comments as "clumsy" and "most unhelpful."

The Minister's rebuke came in a statement published today in Aftenposten and in the Oslo Labour Party newspaper, Arbeiderbladet.

Arguing that the proposed defence allocations fully met Norway's major obligations, Mr. Hansen continued: "It is difficult to excuse Gen. Whiteley's conclusion that Norway is setting a bad example within the Alliance—ever though I realise that he must have been poorly informed. All the necessary information is in the budget proposals themselves, and these are full available to NATO's Northern Command. The General should smarten up his staff, and be more careful in commenting on Norwegian defence matters."



## EUROPEAN NEWS

## Turks put debt restructure plan to creditors

BY METIN MUNIR

ANKARA, Oct. 23.

THE LONG-AWAITED Turkish banks into Turkish banks under a scheme launched by Ankara in about \$300 to international 1978. Credits to the Central Bank has been officially conveyed to creditors, the Finance Ministry said here today.

The Ministry has also officially requested banks "with a continuing interest in Turkey" to participate in a new facility of up to \$500m to the Central Bank. It would have a final maturity of seven years with a three-year period of grace. The credit would be guaranteed by the state with interest payable at a rate of 1.75 per cent over Libor.

An invitation to participate in the syndication was sent to 70 major banks. Seven international banks have already promised to take up \$25m each. They are the nine Bank of Switzerland, Deutsche and Dresdner Banks, Barclays, Citibank, Morgan Guaranty and Chase Manhattan.

The loan is being sought primarily to finance essential imports. Turkey has been obliged to ask what the Finance Ministry described as an "orderly restructuring of its external public and private indebtedness" due to a severe shortage of foreign exchange.

Turkey has asked all non-Arabic holders of Turkish bank deposits maturing between January 1, 1981, and all international banks who provided credit to the Central Bank, to agree to repayment over seven years with a three-year grace period.

Principal and interest on both categories of debt would be a joint obligation of the Central Bank and would be state-guaranteed. Interest would be payable at a rate of 1.75 per cent over Libor.

The convertible Turkish lira deposits contain \$2.2bn of short-term funds placed by foreign

## Talks end in Moscow without SALT pact

By David Satter

MOSCOW, Oct. 23.

MR. CYRUS VANCE, the U.S. Secretary of State, completed two days of strategic arms limitation negotiations with Soviet leaders today without reaching final agreement on a new treaty.

An official Soviet statement with which Mr. Vance, the U.S. State Department spokesman, agreed, described the talks as useful and constructive.

But there were still areas of disagreement between the two sides, that would need to be resolved, Mr. Vance said, and he declined to use the word progress to characterise the results of the talks.

He said a fuller explanation would have to wait until Mr. Vance had an opportunity to brief President Carter tomorrow.

It appeared, however, that there had been movement on the remaining issues. The official reference may reflect uncertainty over whether, in light of the results of Mr. Vance's Moscow trip, it is now possible to go to a summit, or whether another ministerial meeting is necessary first.

Mr. Vance met Mr. Leonid Brezhnev, the Soviet President, tonight for 90 minutes. In talks which concentrated on strategic arms limitation. The Soviet news agency Tass said the two sides stated their resolve "to make every effort to bring this important matter to a conclusion."

Although no details were given on specific points of negotiation, the remaining difficult issues in SALT were understood to be Cruise missile range limits, the Soviet Backfire bomber, new missile systems and the number of Cruise missiles which can be carried on bombers.

## Dutch reject Tenerife air crash report

DUTCH civil aviation officials yesterday attacked as incomplete a report blaming a veteran KLM pilot for the world's worst aviation disaster, when a KLM airliner and a Pan American jumbo jet collided on the runway at Tenerife Airport in March, 1977. AP reports from Amsterdam. A Dutch official said: "The report ignores factual material which we submitted. The coincidence of circumstances which led up to the crash were oversimplified."

## Europe consumer call

A European consumer affairs conference was told yesterday that at least part of the productivity increases at manufacturing plants should be passed on to consumers in the form of lower prices, rather than being used exclusively to raise the wages of production workers. AP reports from Brussels.

## Italy strikers held

Six striking hospital workers were arrested in Rome yesterday after police broke up an unauthorised demonstration by about 200 of the strikers, AP reports from Rome.

## Pope to visit Poland

Pope John Paul II has said he wants to visit his native Poland and hopes to do so next May. Reuter reports from Rome.

## Dockers and seamen halt French ports

BY DAVID WHITE

PARIS, Oct. 23.

SEPARATE STRIKE movements by French dockers and merchant seamen coincided today, virtually to halt port activity.

Channel services have been disrupted, while in Corsica, where the seamen's strike has cut off all maritime services to and from the mainland, the situation has been further complicated by lorry drivers protesting against losses caused by the seamen's action.

A drivers' blockade of Corsican ports today severed the island's other main sea link, with Italy. Armed police were sent in to avert a threatened blockade of airports.

The dockers were staging a 24-hour strike for higher pay. Their campaign had already cut night and overtime work over the weekend.

The seamen, who started a protest more than a week ago against the hiring of what unions claim to be cheap Asian labour, voted on Friday to launch a strike of indefinite duration.

## Giscard's reform of radio and television 'disastrous'

BY ROBERT MAUTHNER

PARIS, Oct. 23.

A POTENTIALLY explosive report which argues that President Giscard d'Estaing's reform of the French radio and television networks in 1974 has been a financial and administrative disaster, is due to be debated by the National Assembly later this week.

By breaking up the mammoth state-controlled ORTF into a separate radio organisation, while last year only one of the three theoretically independent television channels and a company specifically responsible for major television productions, the President hoped to stimulate not only competition and thus to improve the quality of programmes, but to make the new channels more financially independent.

The old ORTF made an operating profit of FF3.5m in 1974, separate radio organisation, while last year only one of the three theoretically independent television channels and a company specifically responsible for major television productions, the President hoped to stimulate not only competition and thus to improve the quality of programmes, but to make the new channels more financially independent.

## ITALIAN TERRORISM DEBATE Government fears recede

BY RUPERT CORNWELL IN ROME, OCT. 23

THE DEBATE on terrorism and the Moro affair which starts in the Italian Parliament tomorrow provides further proof, if any were needed, of Sir Harold Wilson's dictum that a week is a long time in politics. Barely 10 days ago the occasion was awaited with trepidation by almost everyone today it seems likely to pass off with scarcely a ripple of serious dissent and with little strain on the fragile all-party agreement keeping a minority Christian Democratic government in power.

Proceedings will be opened by Sir Virgilio Rozzoni, the Interior Minister, and if all goes well conclude with a statement approved by all the major parties. There is unlikely to be an awkward parliamentary investigation, as once seemed probable, into the case that, at any rate, is the confident prediction of Sir Bettino Craxi, the current "enfant terrible" of Italian politics, and leader of the Socialists. The only party at the height of the national agony over the kidnapped former Prime Minister, to have demanded, in vain, a deal with the Red Brigades to save Sir Moro's life. But why the sudden if temporary truce?

In the first place, of course, there is the natural reluctance of the politicians to be seen blatantly seeking to secure factional advantage by reopening the painful wounds of the recent past. But that, alone, would probably not have been enough but for the latest front-line developments in the war against the terrorists—and in particular the publication of the so-called "confession" of Sir Moro, discovered in the police sweep on the Red Brigades' hideouts in Milan earlier this month.

Ever since Sir Moro was taken prisoner, the terrible, obsessive fear of politicians here was that he might have left a poisoned chalice of memoirs, extracted by the Red Brigades, which would destroy Italy's delicate search for consensus politics. And when, a few days after the police had made their haul, mysterious leaks

evidence released by the Interior Ministry revealed little that was not already known. Tellingly, seething indignation on his contemporaries and colleagues were there, but these could not disguise the absence of any genuinely new and sensational disclosures. Italy's scandal cupboard, which has rattled with so many skeletons, now seems strangely quiet.

Matters also appear to have been helped by the sudden batch of successes of those investigating the Moro case. If tomorrow's debate had been held in August, when Italy's various police forces with the need to be a responsible member of the Government majority and the conflicting pressure from its natural supporters in the work force, will be vital.

On the other hand the assassination in the last fortnight of a leading magistrate in Rome, and of a criminologist in Naples by the Red Brigades and their associates has underlined that the fight against terrorism is far from over. That justification for the all-party alliance therefore remains intact, and it will not be difficult for Sir Rozzoni to claim that while the security forces are doing their job effectively, there is still a long way to go.

In the end everything probably will hinge on the fate of the three-year strategy to restore the economy put forward by the Treasury Minister, Sir Filippo Maria Pandolfi, and which, in theory, is due to take concrete shape by the end of the year. The programme has been derided as being for export only—to impress foreigners—with the serious intent of Italian policy makers. But early in December the representatives of the International Monetary Fund will be back in Rome.



Sir Aldo Moro

## Eanes fails to announce new Portuguese premier

BY JIMMY BURNS

LISBON, Oct. 23.

RESIDENT Antonio Ramalho Eanes tonight met representatives of the country's main political parties without any official confirmation that he could name the country's new Prime Minister, as had been widely expected.

Although the President was this morning given full support by the Council of the Revolution, the country's military watchdog body, he was reliably reported to have failed to find a similar consensus among the politicians.

Portugal's previous presidentially-backed government of independents, led by Sr Alfredo Nobre de Costa, was rejected by parliamentary majority last month.

Indications tonight were that a deal of last-minute haggling was going on at the presidential palace in an attempt to bring the two major parliamentary parties, the Socialists and the Social Democrats (PSD), behind one candidate.

President Eanes is hoping that Portugal's next Prime Minister will form a government which will have assured support in Parliament and thus avoid the holding of premature elections as a solution to the present political crisis.

Current favourites for the premiership remain the present caretaker Prime Minister, Sr Nobre de Costa and Sr Carlos Mota Pinto, a politically independent lawyer.

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## AMERICAN NEWS

## Waldheim initiates new talks on Namibia

By Our Own Correspondent

UNITED NATIONS, Oct. 23.

FR. KURT WALDHEIM, Austria's Secretary-General, is continuing efforts to resolve the Namibia dispute by a terms proposed by the Security Council, and has initiated further consultations, he said today.

But in his report, requested by the Council in its September resolution authorising the dispatch of UN troops to the territory, Dr. Waldheim supplied no new information about Namibia developments.

This, it is understood, is largely because he has yet to receive the formal responses of the five Front-Line States to the plan negotiated with the South Africans last week by Dr. Waldheim, British Foreign Secretary, Mr. Cyrus Vance, S. Secretary of State and French, West German and Canadian colleagues.

Dr. Waldheim is expected to send his special representative, Mr. Martti Ahtisaari, to Namibia for further talks with the Administrator-General, as recommended by the West. If Angola, Botswana, Zimbabwe, Tanzania and Zambia do not object, he must also consider the views of the SWAPO guerrilla group.

This provided for South Africa to go ahead with internally-arranged elections in Namibia in December—on the understanding they would be considered null and void by the UN—and Pretoria's commitment to recommend that UN-supervised elections take place.

Dr. Waldheim's report today referred to his discussions with Mr. Adriaan Eksteen, the South African representative, and the Western bloc, including Mr. Ronald Jameson, the Canadian External Affairs Minister. But the Secretary-General supplied virtually no details, leading observers to conclude that discussions are at a delicate stage.

The Africans want an early return to the Security Council, it is understood, to avoid the UN's decision on the Namibia problem while an all-out effort is mounted to persuade the Front-Line States and SWAPO to go along with the Pretoria compromise.

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## U.S. steel price rise blamed on trigger system

BY STEWART FLEMING

NEW YORK, Oct. 23.

THE TRIGGER PRICE system for steel imports has raised U.S. steel prices by \$50 a ton over the past year and added to the inflationary pressures in the economy, according to Mr. Kurt Urban, president of the American Institute for Importers.

The Institute, a trade association of steel importers, has been critical of the attempts to control steel imports for the benefit of the U.S. steel industry.

Mr. Urban claimed that the price increase since November, 1977, is roughly 20 per cent and that this has had a direct inflationary impact of about 50 cents on the economy.

Mr. Urban's remarks follow Friday's announcement that the U.S. Treasury was starting its first anti-dumping investigations based on information gathered under the trigger pricing system.

The system came into effect in May. It assumes the possibility that steel imported below the established trigger price is being dumped at below production costs. The assumption follows from a decision to base the trigger price on Japanese steel production costs, which are held to be the lowest in the world.

There are growing doubts about whether this is still true of Japanese costs. For the time being, however, the Treasury is continuing to use the system established at the beginning of the year.

Thus, on Friday the Treasury said that it was starting anti-dumping investigations against companies in Spain, Taiwan and Poland on the grounds that the companies were selling steel into the U.S. at levels significantly below trigger prices.

Before sanctions, such as

countervailing duties can be imposed, the Treasury will have to prove that the sales were also being made at below the companies' production costs. Then the U.S. International Trade Commission will have to establish that the U.S. steel industry has been injured by the illegal dumping.

As the first investigation announced, using information gathered by the trigger pricing system, the move has symbolic value. But observers point out that the countries named in the investigation are small exporters of steel to the U.S., accounting for under 3 per cent of total steel imports.

Therefore, it is argued that even if dumping and injury are proved, the findings will have little impact on the overall level of steel imports.

The steel industry has been complaining bitterly about the overall import trend.

When the trigger price system was introduced, administration officials were predicting that it would reduce imports share of the U.S. steel market from 18 per cent to 14 per cent, but steel imports have continued to rise.

In the first eight months of this year, imports accounted for 18.4 per cent of the market.

A substantial proportion of the rise in imports has come from European steel makers. U.S. steel industry officials have been waiting to see whether the trigger price system will be employed against any major European producers. For the time being, however, American concern about such imports is being expressed through private diplomatic channels.

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## Launch of Murdoch paper delayed by nervous unions

BY JOHN WYLES

NEW YORK, Oct. 23.

PROSPECTS for an early launch of Mr. Rupert Murdoch's new morning paper in New York City, the Daily Sun, may now depend partially on attempts to end the 11-week pressmen's strike at his two potential rivals, the New York Times and the Daily News.

This appears to be one of the ironies emerging about the problems confronting the Australian publisher, whose breakaway settlement with the pressmen three weeks ago enabled him to resume publication of his afternoon newspaper, the New York Post. Since then the Post has been publishing a regular Sunday

edition and attracting a vast amount of advertising. But its success is creating some resistance among printing unions against allowing Mr. Murdoch any fresh opportunities to capitalise on the continuing absence of the Times and the News.

The pressmen are believed to share this uneasiness and speculation here today was that they may not give Mr. Murdoch the green light for the Daily Sun until a settlement has been reached at the Times and the News.

The officers' union wants to accept a recent conciliator's report recommending a two-year contract for wage increases of 10.5 per cent the first year and 2 per cent—plus a percentage increase in the consumer price index between June 1 and May 31, 1979—in the second year.

The shipowners' association described such demands as inflationary. Mr. Bouvier said his group considers its last offer, amounting to 27.7 per cent over 31 months, to be final.

Canadian internal postal workers remained off the job today, completing a full week's disruption of the postal system, despite the Parliamentary legislation ordering them back to work.

The Canadian Union of Postal Workers—representing 23,000 inside workers—has established picket lines around post offices, and letter carriers are refusing to cross the lines.

Mr. Bouvier said the carriers' association was ready to return to the bargaining table if the union was prepared to do so.

He said chief officers on some ships would try to keep their vessels operating as long as possible, but this would be difficult. "For example, chiefs from five iron-ore carrying ships

would be needed to keep one such vessel operating," he said.

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## PRESIDENT CARTER'S ENERGY BILL

## Texans prepare to fight back

BY DAVID BUCHAN IN AUSTIN, TEXAS

THE CONTROVERSY over President Carter's energy bill may be over in Congress but by no means run its course. The key part of the bill dealing with natural gas now faces the imminent threat of a court challenge by the three big gas-producing states, Texas, Louisiana and Oklahoma.

The attorneys-general of the three states have decided to file a joint suit against the U.S. Government and say they will do so the minute Mr. Carter signs the energy bill, now expected to be early next month.

The manoeuvring is closely connected with the political fact that both Texas and Oklahoma are electing governors next month. Politicians in both states are busy playing to their state electorates.

Not are the producing states, which wanted an immediate end to, and not just a gradual phasing out of, price controls going to overturn the whole edifice of the energy bill.

The Texas Attorney General, Mr. John Hill, who is running hard to be the next Democratic Governor of Texas, said his state would direct its challenge to that provision in the bill which for the first time extends federal price controls to gas consumed inside a producing state, the so-called "intra state market".

The three states feel they have the strongest constitutional ground for complaint here. It is also of particular importance to Texas which consumes nearly 65 per cent of its own gas, a far higher proportion than do the other two producer states.

Louisiana sells most of its gas to other states. Mr. Hill said Texas and the other two might also contest the authority given the federal government to allocate supplies of "intra state" gas to other parts of the country in times of severe shortage.

Texas is still the largest single producer of domestic gas, just ahead of Louisiana. Last year it accounted for 35.3 per cent of total U.S. production although ten years earlier it provided as much as 41 per cent. Texas oil last year amounted to 38 per cent of total U.S. production, but this proportion is likely to decline sharply with Alaskan oil starting to flow this year. Texas politicians, and certainly the candidates contesting this year's two state-wide races for governor and for the senate, vie with each other in calling for the protection of the states' "energy heritage". They argue it should not be squandered to the "ravenous and undeserving" industrial states of the north east and mid west, which, because of government controls, do not pay a decent market price for it.

Dislike of Government interference in the energy market, coupled with a certain innate Texan chauvinism, has produced a form of economic nationalism rhetoric that makes one think more of the developing countries than of one of the richest parts of the world. Mr. William Clements,

the millionaire oil driller running a the Republican ticket for governor, stridently calls for a special tax on energy leaving Texas for other parts of the U.S.

His model is Montana which recently introduced a 20 per cent tax on coal shipments leaving its borders. The courts have been asked to determine whether the U.S. constitution permits this. Mr. Clements also thinks

will not cut prices in Texas, but merely hold them down while interstate prices catch up. So the distortion will gradually be eliminated but not as fast as most Texans would like. They would prefer to see the free market rule in the whole of the U.S. gas industry.

Many more Texans consume than produce oil and gas and, therefore, might be presumed to

have some interest in lower prices.

But all Texans share an indirect interest in high energy prices. The petroleum industry alone accounts for 22 per cent of all state taxes, and oil and gas taxes for 50 per cent of state spending on teachers' pensions, medical assistance, and handicapped children and for 30 per cent of state support for public education. Some of this comes from oil and gas extracted from state land.

Mr. Carter's energy policy has made him an issue in this year's Texas elections. Campaigning in 1978, Mr. Carter promised Texans he would deregulate gas prices. The following year he proposed nothing of the kind, though Congressional pressure has now eventually produced a watered-down version of deregulation. This "deception" by the President has been used to good effect by Republicans, who are mounting their best organised and most expensive bid in this century to try to shake the democratic stranglehold on the state.

—Electioneering in a state that has 254 counties and whose east-west and north-south axes are longer than the distance from New York to Chicago, requires

otherwise effective campaign.

His opponent, Bob Krueger, has waged an extensive campaign virtually abandoning his duties in Washington in order to make his name better known among Texans this year. But he has had problems, some of his own making, such as his relations with organised labour. Only about 13 per cent of the Texan workforce is unionised, about half the national average, and Texas is one of some 20 states that have "right to work" laws. They require that union membership cannot be made a condition of employment.

Mr. Krueger last year voted for the Labour reform bill, which failed to go through the Senate (thanks, in part, to Senator Tower) but which would have made organising easier for the unions in areas of the country like Texas, traditionally inhospitable to unions. Mr. Krueger, a bid to win back some of his conservative Democrat following, has since said he would reconsider this bill if it ever came up again. But this has not helped an

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## WORLD TRADE NEWS

## Japanese aircraft leasing plan attracts U.S. airlines

BY CHARLES SMITH

JAPAN'S aircraft leasing scheme, which was introduced this summer as a means of unloading excess foreign exchange is reported to have attracted the interest of American airlines and could lead to leasing on a very large scale.

Under the scheme foreign aircraft are imported by Japan and then leased to overseas airlines. The money paid for the aircraft shows up as debt in Japan's trade statistics (usually with the U.S.). Import finance, in dollars, is provided by the Export-Import Bank of Japan which in turn borrows from the government.

The attraction of the scheme to foreign airlines is that it is cheaper than buying aircraft outright. It is also usually cheaper than leasing aircraft through "normal channels" since the interest on Ex-Im Bank loans is relatively low.

The bank lends to Japanese leasing companies at a long term fixed rate of 6 per cent while the leasing company itself usually charges a service fee of 1.5 to 2.0 per cent. Thus the total cost to the airline works out at some 7.5 per cent or 8.0 per cent of the value of the aircraft. U.S. airlines, by contrast, usually charge an annual leasing fee of 10 per cent of the value of the aircraft.

Because of the clear difference in cost between domestic leasing and leasing through Japan, U.S. airlines are reportedly "very interested" in the Japanese scheme. The requirements of American airlines for new aircraft dwarf those of other airlines so that Japan could find itself in big demand for finance. However, there are at least two serious snags involved in the whole idea of leasing aircraft to U.S. airlines.

One is the question of whether the U.S. authorities would consider that aircraft covered by the scheme should be classified as exports to Japan—in view of the fact that the aircraft would not have to leave the U.S. itself to pass through the leasing process. The other snag is the existence of strong opposition to the scheme from U.S. banks and leasing companies. These would clearly stand to lose a large amount of business if the Japanese scheme "took off". Although the leasing scheme was launched this summer only one aircraft has so far been

TOKYO, Oct. 23.

leased—a Boeing 747 to British Airways. Some 80 leasing applications from other foreign airlines (mainly in South-East Asia) have been received and should be approved before the end of the current fiscal year (when the scheme itself will end).

Given the time required for process it is estimated that the effective deadline for leasing applications under the scheme is next January—two months before the end of the fiscal year. American airlines appear ready to submit applications by January if not before, but it is doubted whether the U.S. Administration will be able to make up its mind by the end of the year to declare participation in the scheme as being in the national interest.

The purchase of aircraft for leasing forms part of the Japanese "emergency import" programme for which the Government has set a target of \$4bn during the 1978 fiscal year. During the first half of the year loans committed under the programme by the Ex-Im Bank totalled \$1.35bn with the major portion (just over \$1bn) accounted for by advance payments for uranium enrichment.

Kawasaki Steel and Finsider each hold 24.5 per cent shares in the Tubarao project, which is to be capitalised at \$300m. The project was threatened more than a year ago when Brazil proposed a change in the holdings of the Italians and Japanese to a larger share which would have meant additional capital expenditure on their part.

In the first stage of the project, due to be completed by August 1982 (or two years behind the original schedule), the plant will produce about 3m tons of semi-finished steel a year.

Kawasaki and Finsider have revised downward the amount of the output they will take to about 300,000 tons of slab and year from an original 600,000 tons as part of a modified agreement. At the same time it was agreed that Japan would provide the additional bank loan to be signed now.

## Record loan to be signed in Tokyo

By Richard C. Hanson

TOKYO, Oct. 23.

THE LARGEST loan agreement ever arranged by Japanese banks for an overseas borrower, \$770m for 2 years to the joint Brazilian-Italian-Japanese steel project, Companhia Siderúrgica Tubarao, will be signed here tomorrow.

After considerable haggling, the 22-bank all-Japanese group decided on a three-year draw-down plan which will commence probably with a \$350m disbursement at 11 per cent points over Libor, followed in the second year by \$250m at 11 per cent above Libor, and a third-year tranche of \$100m also at 11 per cent.

The three-year plan was fixed to prevent the massive influx of funds for the project from being diverted to other uses. There was considerable interest on the part of the Japanese Government in completing the loan.

Failure to complete the nearly \$300m Tubarao project—a joint venture between Kawasaki Steel, Italy's Finsider and Brazil's Siderbras—would have hurt Brazil's industrial development plans, and may have jeopardised healthy Brazil-Japan economic ties.

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## Crisis cartels 'acting against employment, price stability'

BY DAVID FREUD

WORLD GOVERNMENTS acting against their own objectives of price stability, full employment and maximum output by allowing "crisis cartels" to be formed, Dr. Jan Tumilic, director of research at the GATT Secretariat, warned yesterday.

He claims that such cartels do not advance the public interest but work against it, being directed at maintaining the profitability of real capital, not at maintaining employment.

In the October issue of The World Economy, published by the Trade Policy Centre, he suggests that the increased advocacy of cartel arrangements since 1974 has come about because industry in question could "cartels are now being conceived as substitutes for other forms of protection against imports. Cartelisation appears to be the last stage or refinement of protectionism."

Although cartels state that they are set up to deal with problems of excess capacity, "by cutting

back output, in order to raise the price, a cartel increases the extent of the excess capacity it was supposed to eliminate."

In the absence of the cartel agreement the depressed industry would be producing a larger output and selling it at a price which covered variable but not all fixed costs.

Some financially weaker companies would have to be taken over, reorganised or perhaps liquidated, their physical capacity temporarily idled. The economy at large, however, would recover more speedily.

"With the demand for its product growing again, the industry in question could gradually rehabilitate many of its high-cost facilities by additional investment. In fact, there would be some flow of efficiency-improving investment even during the recession period."

By contrast such efficiency-improving investment was less likely in a cartelised industry

since cartel members are usually obliged not to expand their output capacity and most efficiency-raising investments increase capacity as well, Dr. Tumilic says.

The short-fall of investment will have repercussions beyond the recession period. In countries not belonging to the cartel the same industry continues to invest, adding technologically advanced production units.

This creates an international gap in the industry's cost-price levels and leads either to protection for the cartelised part of the industry continuing indefinitely, or further shrinkage of its production when the cartel ends.

Dr. Tumilic concludes: "Only competition, protected and enforced by law, can keep groups of nations from degenerating into a mercantilist struggle."

The World Economy, The Trade Policy Research Centre, 1 Gough Square, London, E.C.4.

## Shell signs for more Kuwait oil

By Our Own Correspondent

KUWAIT, Oct. 23.

Shell International Trading Company, the crude-oil trading subsidiary of the Royal Dutch Shell group of companies, has signed a three-year contract with the Kuwait Oil Ministry for the purchase of 300,000 barrels a day of Kuwaiti oil.

Under the new contract, effective from October 1, Shell has the licence to purchase 45,000 barrels or less than the base figure. It will continue to receive the 19 extra days of credit over Kuwait's customary 60-day period. This amounts to about 4 cents less a barrel.

The old contract had stipulated that Shell would spot charter Kuwaiti tankers if they were outfitted to the company's needs and if their prices were competitive. Under the new contract, Shell has agreed to a long-term charter of six of the company's tankers if the negotiations on prices and fittings are met.

Geoffrey Hamble, president of the company, said he anticipated Shell would use Kuwait's tankers more under this contract. Shell would this contract to buy the maximum amount of crude permitted for the next three months at 405,000 bbl. Companies usually stockpile in the fourth quarter of the year anticipating the heaviest demand for the first quarter of the next year. As a result, the market price of oil tends to rise in the fourth quarter of the year.

Kuwait's contracts with the old concessionaires, BP and Gulf, do not expire until March 1980. Kuwait's oil is to be sold in about six months. Gulf's contract is for 500,000 bbl and BP for 450,000 bbl, both with a base price of 10 per cent more or less averaged over the year.

Plessey wins £9m order

By Our Aerospace Correspondent

PLESSEY RADAR has won a £9m contract to supply a modern radar and flight data processing system for the Austrian flight information radar.

The system will be installed in a new air traffic control centre in Vienna which will handle over half a million aircraft movements a year, with room for expansion. A major subcontractor will be Blum Union of Austria, which will be responsible for the design and manufacture of control consoles, and the installation and provision of maintenance services.

## Brazil cuts dependence on commodity exports

BY DIANA SMITH

RIO-DE-JANEIRO, Oct. 23

THE HIGH COST of converting Brazil from a traditional commodity exporter to an exporter of manufactured goods is graphically depicted by a study released by economists of Brazil's Foreign Trade Studies Foundation.

This year, for the first time in its history Brazil exported more manufactured or semi-manufactured goods than commodities: \$3,965bn of the former, \$3,589bn of the latter to September.

Diverted exports are deliberate Government policy, aimed at guaranteeing new markets, especially in the developing world and protecting the trade balance from the vagaries of weather, blight or other farming hazards.

This year, manufactured exports increased by 31 per cent, while agricultural exports dropped by nearly \$1.2bn from January to September.

The price per export dollar earned of this policy is a heavy one, the study shows. Every export dollar derived from paper or pulp sales abroad costs \$1.80 in raw materials, energy, manpower and other factors. Every dollar earned by foreign sales of lorries or buses costs \$1.55, artificial fibres, \$1.74, cars or road machines \$1.53, electrical equipment or ships, \$1.55, communications equipment, \$1.50.

The economists responsible for the study have expressed their concern that the sectors which make the heaviest drain on national resources

## Andean Pact trade talks

BY TONY COZIER

BRIDGETOWN, Oct. 23.

AN AGREEMENT between the Caribbean Community and Common Market (CARICOM) and the Andean Pact is likely following state visits to Guyana and Barbados by the Venezuelan President, Sr. Carlos Andrés Pérez.

The subject was broached here by Mr. Tom Adams, the Prime Minister of Barbados, during Sr. Pérez's two day visit over the weekend. Speaking at a luncheon

in honour of the Venezuelan leader, Mr. Adams said there were ample opportunities for trade between the countries of CARICOM and those of the Andean Pact and the prohibition of tariff barriers of the latter were surmounted.

The suggestion was welcomed by Sr. Pérez who criticised the protectionism of the developed countries.

## MEXICAN TRADE

## Portillo looks to the East

BY WILLIAM CHISLETT IN MEXICO CITY

THE MEXICAN President, Sr. Jose Lopez Portillo, begins a Japan visit today. This will be the second time in three years that a Mexican President has visited China, so reinforcing Mexico's desire to be "friends with everyone," as Sr. Lopez Portillo once said. The Japan visit is, however, of more commercial than political importance.

In China, the first country he will visit, Sr. Lopez Portillo will be particularly interested to view the country's agricultural development. The Government is giving high priority to trying to increase agricultural production in Mexico, which this year for the seventh year running will fail to keep up with the population increase. While population will rise by about 3.4 per cent this year, agricultural production is not expected to increase by more than 2 per cent.

Sr. Lopez Portillo feels that to some extent China and Mexico have common problems in population and the large number of people who depend upon agriculture for their livelihood. In Mexico about 40 per cent of the estimated 18.5m workforce is employed in agriculture, and with many more people depending upon it the agricultural sector only accounts for 9 per cent of GDP. Most of the land is divided up into ejidos, State-owned small holdings which are largely unproductive not just because the units are too small but because of lack of investment and organisation.

Since coming to power in 1976, Sr. Lopez Portillo has also visited Russia and Bulgaria with the same thing in mind, studying the respective agricultural systems and recently a team from Bulgaria visited Mexico.

Mexico and China are not expected to sign any important trade contacts and trade between the two countries remains small. Last year Mexico had a balance in its favour of \$7.9m, according to provisional figures from the Bank of Mexico compared to a surplus of \$1.1m in 1976. Last year's exports to China totalled \$16.9m, and imports \$9m.

On the other hand Japan is an important client for Mexico. Last year Japan was the third largest market for Mexican products and also the third largest supplier of goods, accounting for 5.4 per cent of the total exports and 2 per cent of the total imports.

During the period 1971-77 Mexico's exports to Japan, mainly cotton, salt, coffee, wood manufactures, grew at an average annual rate of 6.7 per cent while imports from Japan grew 20.8 per cent, nearly all capital goods.

Up until 1974 the balance of trade between the two countries was in Mexico's favour but this dramatically altered after then as Mexico stepped up its imports of capital goods, particularly

tractors. Last year's deficit with Japan was \$212m compared to \$205m in 1976 and Sr. Lopez Portillo will be seeking to reduce this deficit as much as he can. The only way he can do this is build the Mexico-City suburban railway, the first part of which Mexico's desire to be "friends with everyone," as Sr. Lopez Portillo once said. The Japan visit is, however, of more commercial than political importance.

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## In Japan, you've got to play your cards right.

The Japanese way of life is very different from ours. And business etiquette is an important aspect of that way of life. Formalities are very precise and are part of a ritual that is both charming and obligatory.

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## HOME NEWS

### J.S. group confirms scheme for can production in UK

FINANCIAL TIMES REPORTER

CONTINENTAL GROUP Ltd. of U.S. yesterday confirmed it intended to start manufacturing cans in the UK—from its largely precluded last year under a reciprocal agreement with Metal Box, its biggest can producer, recently formed autonomous subsidiary, Continental Company (UK), planning investment programme for the construction of two new plants to produce two-beverage cans for the U.K.

Last week, Metal Box made a cash offer of \$25m (£12.5m) for Rison Manufacturing Company in the U.S., which produces metal, plastic and paper packaging components and containers for the cosmetics, personal care and other consumer product industries. The bid, at \$20 a share, has the support of Rison directors, and marks the second big move into the U.S. by the British group since it renegotiated its agreement with Continental. Metal Box's venture with Standum was for the manufacture of two-piece beverage cans, which Continental now plans to produce in the U.K.

### Prosecutor sees Lonrho report

FINANCIAL TIMES REPORTER

Director of Public Prosecutions is studying the results of investigations into alleged money-laundering in Rhodesia, the international and industrial corporate police investigations, followed a Department of report on the group's more than two years ago, completed during the year.

Results of the investigations are also being studied by the Director of Public Prosecutions. Price, who would handle prosecution if the Director decided charges would be justified, but no decision is likely at least next month. "Tiny" Rowland, Lonrho's executive, has made no attempt of his intense anger at the way the affair has been handled. He wrote to Dr. David, Foreign Secretary, last night. To my knowledge, there is no basis to suspect that there exists any evidence to May.

### 9.5m platform orders

KEVIN DONE, ENERGY CORRESPONDENT

GAS TURBINES has received three orders for equipment for North Sea oil platforms worth more than £9.5m. The orders cover work for Esso's Fulmar Field, Esso's Murchison Field and Esso's Cormorant Field. The units together represent generating capacity of more than 375 megawatts.

### Obituary

#### Mr. Garfield Weston

GARFIELD WESTON, 77, retired from the chairmanship of both companies some years ago. His second son, Garry, took over the chair of AB Foods, and his youngest son, Galen, now controls the Canadian company. In the last 10 years, Mr. Weston's main interest has been in the food industry, where he was active as chairman until his death. Turnover of the store last year was £8m, and pre-tax profits doubled to £1m. He was a deeply religious man who lived very modestly, and was also a shrewd businessman. Yesterday, City analysts agreed that the credit for the development of AB Foods was largely his. Mr. Weston is survived by his second wife, and three sons and six daughters by his first wife who died in 1967.

### 12,000 auction record for Victorian bronze

RECORD auction price for a Victorian bronze statue, the New York dealer, bought a pair of Queen Anne walnut balloon seat sidechairs, made in Philadelphia around 1750, for £88,000. Some very high reserves demanded by vendors upset a sale.

was a bronze of Icarus, dated in 1884 and it was sold anonymously for £67,131. A group of a stag and deer, in the manner of P. J. Ze, sold for £4,600, and a Ze and ivory figure of La, sold for £2,000. Marshall collection of esse armorial porcelain, in the early years of the century and one of the st to come up for sale for time, sold for £12,710, at Christie's. A top price was the £7,500 Telex for a pair of Sotheby's yesterday. The top family rose fish bowls, sold for £2,300 from the in Lung. A Christie's sale of a rican in New York on the "Espana".

### SALEROOM

BY ANTONY THORNCROFT

Christie's South Kensington auction of collectors' cars and motorcycles which was held at the Motor Show at the National Exhibition Centre near Birmingham. Bidding for the two top lots—a 1913 Rolls-Royce Silver Ghost and a 1928 Bugatti—stopped at £38,000 and £32,000 respectively, well below the reserves. A sale of Spanish books from the library of Dr. Gregorio Marañon sold for £55,203 at Sotheby's yesterday. The top price was the £2,300 from the Christie's sale of a rican in New York on the "Espana".

### Heathrow ban is not yet enforceable

By Michael Donne, Aerospace Correspondent

IBERIA, the Spanish airline, and TAP of Portugal can go on using Heathrow until the Department of Trade issues an Order directing them to go elsewhere. This was made clear yesterday when a writ by the two airlines against the Department of Trade and the British Airports Authority was heard privately in chambers by Mr. Justice Donaldson.

The Trade Department said that it intended to order the two airlines to move to Gatwick from April 1 to ease congestion at Heathrow. The airlines sought a declaration that the authorities had no powers to enforce the move.

Neither side would comment on the hearing, but it is understood that because the Trade Department had not yet made the relevant Order, under Article 58 of the Air Navigation Act, the question of forcing the two airlines to move did not arise. Only when an Order has been made can the airlines sue the Department and the Authority in a bid to prevent their making it effective. Meanwhile, the airlines can continue to use Heathrow.

### Switching off

THE SUMMER floodlighting programme in London ends at midnight on Sunday.

### Liberals take hard line on political pacts

BY IVOR OWEN, PARLIAMENTARY STAFF

If the Conservatives replaced Labour as the largest single party in a hung Parliament, the Liberals would be ready to take their hard line approach on any political pact to the point where Mrs. Margaret Thatcher's leadership might be called into question.

The position is made clear in the Liberal Policy Handbook, published today. It faithfully reflects the insistence of last month's Liberal Assembly at Southport that any arrangement made with another political party must include a "cast iron commitment" to proportional representation.

Another pre-condition is that this commitment must be endorsed by the 1922 Committee of Conservative backbenchers or the Parliamentary Labour Party. The formidable obstacle which Mrs. Thatcher's political stance presents to any such arrangement with the Conservatives is dealt with in a section devoted to rebutting assertions that the Liberals are only prepared to prop up a minority Labour government.

Taking up points made in a recent supplement to the Conservative Campaign Guide, the handbook deals with the claim that "the Liberals could not possibly make an arrangement with the Conservatives".

### Bid to curb bulk malt whisky exports

By Ray Perman, Scottish Correspondent

SCOTCH WHISKY distillers were asked yesterday to consider banning voluntarily any increase in bulk malt whisky exports over the next two years. The proposal was put by the National Economic Development Council's distilling sector working party to about 70 company representatives at a two-hour meeting in Glasgow.

Bulk malt sales abroad have been pushing ahead far faster than bottled exports and were up by 24 per cent in the first eight months of this year.

A large proportion of the trade is with Japan, where distilling companies increasingly are using Scotch malt to improve the quality of their locally-produced blends.

The Scotch distillers were asked to consult their Boards and report back to the working party. Another meeting is to be held in Edinburgh shortly. The issue has split the industry. Some of the big Scotch-owned companies, such as Distillers, Teachers and Bells, are opposed to bulk exports, which they believe strengthen the competition in important growing markets, particularly the Far East. They have the support of the unions.

### Lynch speech 'not policy change'

BY STEWART DALBY

THE CONDEMNATION of the violent tactics of the Provisional IRA by Mr. Jack Lynch, the Irish Prime Minister, should not be seen as a new departure in the Republic's policy towards Ulster, government officials said yesterday.

"It is essentially a reiteration of the moderate stream of thinking within the ruling Fianna Fail party which Mr. Lynch represents," an official said.

Mr. Lynch had been consistent in his criticism of IRA violence. This was not inconsistent with the fact that since returning to Dublin in June last year Mr. Lynch had spoken publicly of the possibility of a British troop withdrawal from the province. Mr. Lynch was interested in examining ways of reconciliation, speech.

"The violence of the IRA is committed without our consent, and in flagrant disregard of the democratically expressed will of the Irish people north and south."

The timing of his remarks caused more than a ripple of interest because it coincided with the annual congress in the fact that since returning to Dublin of the Provisional Sinn Féin, the political arm of the Provisional IRA.

Research Forum in Washington in the face of today's intense consumer desire for such as TriStars, for another cheap travel. "I believe we are hour at each end of the day at Heathrow, when the Government authorities who impose jet bans, to help us improve our production by increasing the operational day for those aircraft that are severely restricted conform with the tough new International Civil Aviation Organisation noise requirements. "I am not talking about a 24-hour a day operation, but some noisy aircraft are concerned, but extension, particularly at the end of the day. We estimate that TriStars, are unfairly penalised, an additional hour at the beginning and end of the day at Airways commercial operations Heathrow alone would produce up to £2m per annum."

At present, at Heathrow, all jet flights between 11.30 pm and 6.30 am are severely restricted especially noisy jets such as Boeing 707s and VC10s.

British Airways agrees that this is reasonable so far as the hours a day operation, but some noisy aircraft are concerned, but extension, particularly at the end of the day. We estimate that TriStars, are unfairly penalised, an additional hour at the beginning and end of the day at Airways commercial operations Heathrow alone would produce up to £2m per annum."

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#### MONDAY JUNE 26

CONTACT  
BSC (INDUSTRY)  
ACTION DESK  
01-235 1212

#### TUESDAY JUNE 27

9.30  
FRED WESTLAKE  
BSC (INDUSTRY)  
CO-ORDINATOR  
VISITING

#### THURSDAY JULY 6

A.M.  
VISIT  
SOUTH WALES  
MEET BSC (INDUSTRY)  
REGIONAL CO-ORDINATOR  
HUGH THOMAS

P.M.  
VIEW NEW  
FACTORIES WITH  
HUGH & FRED

#### FRIDAY JULY 7

DISCUSS FINANCIAL  
INCENTIVES ON  
OFFER WITH  
ACCOUNTANTS

#### MONDAY JULY 10

PROGRESS  
APPLICATION  
FOR FACTORY

#### MONDAY JULY 31

APPLICATION  
CONFIRMED FOR  
CARDIFF FACTORY

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Whatever your size of company, whether it's steel-related or not, you'll receive our full backing, as long as your move leads to the creation of solid, long-term jobs.

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## HOME NEWS

## Steelworks' hopes fade in recession

IT IS DIFFICULT for an outsider to understand the emotional importance that British Steel's Hunterston site has for organised labour in the West of Scotland.

Over the last few years no subject has generated more heat than the future of the 1,400 acres beside the deep water of the Clyde estuary. It is seen by the unions not only as holding the key to the survival of steel-making north of the border, but as the hope for the revival of everything Clydeside has stood for since the industrial revolution.

The dream of an integrated steelworks was first given a tangible expression by the former British Steel Corporation chairman, Sir Monty Finiston, when he bought the Hunterston site.

It promised not only a plant as modern and competitive as anything in Japan or Korea to put Scotland back into the top league of steel exporters, but a source of low-cost raw material to revitalise the shipbuilding and heavy engineering industries.

## Recession

As the recession developed, that dream faded. The first stage of the project, the 1,000-acre terminal, capable of unloading ships of 350,000 tonnes, will be complete early next summer, and will replace the obsolete Glasgow terminal.

But far from being the beginning of developments, it is likely

## NEWS ANALYSIS

## HUNTERSTON

By RAY PERMAN

to be the only one which will be economically viable in the foreseeable future.

A third of the 190 jobs will be offered to redundant workers from the nearby Glenpark open hearth furnaces, which are to close in December. But with the probability that redundancy payments will be high, British Steel has little confidence there will be a rush to fill the vacancies.

The 1,000-acre direct reduction plant, only the second to be built in Europe, will be completed in March or April and then "cold commissioned"—they will be tested to make sure they are working order, but the kilns will not be fired.

By producing 800,000 tonnes of concentrated iron pellets a year, the two units were intended to provide an alternative to high-grade scrap as a feedstock, principally for electric arc furnaces. Their future has been shaken by the cancellation this March of plans for electric arc furnaces at Hunterston and Ravenscraig, and the dramatic fall in scrap prices, which has removed the option of transporting pellets by rail to Sheffield.

Senior Steel Corporation executives believe it will be six months at least before operation of the direct reduction plants can be justified, and even then only one of the units may be used.

The 150 jobs which they could provide will not begin to be filled until 1980 at the earliest.

The mothballing of the direct reduction units has implications beyond British Steel. In July last year the corporation signed a contract with British Gas to take 100m therms a year from the Frigg Field.

It was the first big contract for the field. Its importance can be judged by the fact that it would have increased the industrial consumption of gas in Scotland by 50 per cent. A 24-mile spur pipeline has had to be built to connect Hunterston with the regional gas grid.

## Capacity

Developments beyond those now being built are unlikely before the end of the century, if at all. A £220m expansion at Ravenscraig—the main Scottish plant near Motherwell, Lanarkshire—will increase capacity there to 3.2m tonnes a year by 1981, giving the Scottish division 3.7m tonnes capacity.

Yet Scottish sales are now about 2m tonnes a year. The Hunterston integrated works—producing finished steel products from ore on a single site—is now a non-starter. If even a third of the 10m tonnes



HUNTERSTON  
2 Direct Reduction Plants  
Ore Terminal

it would have produced could be exported, there is no way in which Scottish or British industry could use the rest.

The established trend on the Clyde has been a contraction of steel-using industries, and even those firms still in business are turning to sophisticated new products using less metal.

But such is the commitment of the Scottish TUC and individual unions to the idea, that Ministers and the Corporation refuse to say publicly what they admit privately.

All that Sir Charles Villiers, the British Steel chairman, or Mr. Bruce Millan, Secretary of State for Scotland, will say is the plant will be built "when demand revives sufficiently to justify it."

The result is likely to be that the Hunterston site, one of the finest natural deepwater ports in Europe, will remain under-used. Rather than risk a political storm, the Steel Corporation will not of its own initiative give up part of the area, even though there could be other uses for the land, such as a site for a third nuclear power station at Hunterston.

## Canadian merchant bank for London

By CHRISTINE MOIR

THE ROYAL BANK OF Canada plans to become the first Canadian bank with a wholly-owned merchant bank subsidiary in London.

The bank, Canada's largest with assets of nearly £50bn, announced yesterday that it intends to set up a full merchant banking operation, with a capital of £5m, in the City early in the New Year.

Mr. Geoffrey Styles, senior vice-president for Europe, the Middle East and Africa, said the group's business volume generated through London had doubled in the past five years.

The bank was particularly active locally in the Eurocurrency market and felt it needed a focal point for its global Eurocurrency operations. It also plans to expand its role in the Eurobond markets, the centre for which "has to be London."

Mr. Styles said he was happy with the bank's 20 per cent holding in Orion, the London-based consortium bank, established in 1970, in which six international banking groups each have stakes.

The Royal Bank of Canada is the second Canadian bank to expand its merchant banking operations in London in recent months.

In June the Canadian Imperial Bank of Commerce and Hambros Bank set up a joint international investment bank in the City, called CIBC.

## Prices chief adds voice to pay moderation call

By DAVID CHURCHILL

MR. CHARLES WILLIAMS, the Prices Commission chairman, repeated yesterday his call for "moderate and reasonable" settlements to keep the inflation rate within single figures in the coming year.

Mr. Williams' appeal in a speech in Birmingham was on the eve of crucial talks between the Government and the TUC today over application of the Government's 5 per cent pay guidelines.

It came amid increased speculation in Whitehall that some move might be made to toughen price controls, though such a move would be difficult to implement.

The Government could give the Prices Commission more explicit guidance to scrutinise closely any price rises that attempt to pass on large settlements to the consumer, or seek to remove the safeguard regulations which allow most price rises to go ahead as planned.

Mr. Williams has already made clear that the Commission will closely examine any price rise applications that seek to pass on pay deals outside the Government guidelines.

A weakening of the safeguard regulations, brought in after considerable pressure from the Opposition and industry when the new Prices Commission was set up last year, would appear the most effective way of giving the Commission more teeth.

## First-time home hunters advised 'Buy now'

By John Brennan, Property Correspondent

"BUY NOW, even if it is second best." That was the advice yesterday from the Institution of Chartered Surveyors.

This advice is reluctantly accepted by Mr. Norman Gigg, general secretary of the Building Societies Association, who expects a 25 per cent increase in house prices this year.

Mr. John Thomas, of the institution, the largest representative body of estate agents in the country, tells first-time buyers that "the price of houses will continue to rise, so get a foot on the ladder now, even if it means accepting second best in view of the limited choice."

Commenting on an Institution national survey of house price movements, Mr. Thomas says an average price increase of about 2 per cent in the last month, and as much as 5 per cent in certain areas of the South-East and London.

"If the overall rate of inflation continues to be lower than wage increases, the brake on building societies' lending may prove to have the opposite effect to that which the Government intended."

## Curbs

"There may be little doubt that the curbs have resulted in fewer new and secondhand dwellings coming onto the market. As a consequence, the natural law of supply and demand pushes up prices."

Mr. Gigg, commenting on the Institution findings, said the vicious circle of house buying was clearly negating the Government's efforts to slow house price rises.

"Everyone is crowding into the housing market because they feel that prices will be higher next year, and as they crowd in, prices are bound to rise."

After price rises of 7 to 8 per cent in 1976 and last year, prices would show an average increase of about 25 per cent this year, and a good deal higher increases in the South East.

## Minister's warning

MR. REG FREESON, Housing Minister, has again warned local housing authorities that unless they spend more on housing there could be a serious shortfall on house starts this year, and less money might be available in the future.

Mr. Freeson, who was chairing a meeting of the Housing Consultative Council yesterday, told the three local authority associations that councils were not at present spending their full housing allocation.

Department of Environment figures showed that in the first three months of the financial year, local authorities used only 18 per cent of their capital budgets. If this continued, the shortfall by next April could be almost £90m.

With the annual housing investment programme due to be announced at the end of November, Mr. Freeson was clearly indicating to the local authorities that the present situation weakened the case for a further expansion of the capital programme.

Mr. Freeson also told the local authorities that the Government intended introducing a new housing subsidy system from April 1980, and provision for this would be included in a new Housing Bill which is likely to be introduced in the Commons late this year or early next year.

## Change sought in law on deer

A CHANGE in the law may be needed to protect red deer on Exmoor from wholesale slaughter, says a conservationist.

Mrs. Heather Machin, North Devon Secretary of the Devon Trust for Nature Conservation, fears that gangs of poachers, who have plundered huge numbers of roe deer in Wiltshire and Dorset, may move to Exmoor.

She said that the legalised shooting of the animals had risen alarmingly—carcasses fetched more than £200 each.

## We'll fight on pay code says Mrs. Williams

By Ivor Owen, Parliamentary Staff

THE GOVERNMENT'S determination to uphold its counter-inflation policy in the face of opposition from workers and unions was underlined last night by Mrs. Shirley Williams, the Education Secretary.

She told a by-election meeting in Berwick and East Lothian: "To win the battle against inflation means standing up both to some employers and to some trade unions. So be it."

Mrs. Williams insisted: "Governments must govern in the interests of the country and the people, not in the interests of any special group, however deserving."

On the other by-election front in Yorkshire, Mrs. Margaret Thatcher, the Conservative leader, urged voters to Labour stronghold of Pontefract and Castleford to give the Government notice to quit.

In a message to Mr. Hugo Page, the Conservative candidate, she recalled that only last year a Labour majority of 23,000 was overturned in Ashfield, another mining constituency.

Polling in both by-elections takes place on Thursday.

## Dock jobs cut plan approved

By Ian Hargreaves, Shipping Correspondent

A PLAN to cut 1,400 jobs in the next year at the Port of London's upper docks was approved yesterday by the port's board.

The plan will now go back before the joint union-management committee which drew it up before being presented in the next few days to Mr. William Rodgers, the Transport Secretary.

Mr. Rodgers will have to decide whether the undertakings about restructuring which drew it up before being presented in the next few days to Mr. William Rodgers, the Transport Secretary.

There is little doubt that he will agree to allow the plan to proceed on the basis of a level of agreement between the PLA and its unions which many regard as unique in the port's history.

Under the plan, unions have agreed to remove over a quarter of the workforce at the upper docks during the next year in return for a renewed effort to make the upper port viable

## New power board 'still needed'

By ROY HODSON

A NEED for reorganisation of the management structure of the electricity supply industry remains as strong as ever in the face of a new round of change, in the opinion of both the management and the unions.

The industry's joint co-ordinating committee representing management and unions at national level last night took the unusual step of issuing a statement pressing for early legislation to reform it.

"Times are changing fast, and frankly we need to change to keep up with them," said an official.

Mrs. Williams insisted: "Governments must govern in the interests of the country and the people, not in the interests of any special group, however deserving."

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## Chemicals demand may fall

By SUE CAMERON

DEMAND FOR UK chemicals is likely to start dropping in 1980 because of increased foreign competition, a rise in feedstock prices and the use of traditional materials in preference to plastics, says Economic Models, a forecasting consultancy.

Economic Models says that the short-term outlook for UK chemical industries is bright. The present upsurge of domestic demand for paints, detergents and toilet preparation would soon start filtering down to basic chemicals.

The oil and feedstocks surplus would reduce the relative price of chemical products during the next two years and so further stimulate demand—particularly for fertilisers.

The continued decline of the U.S. dollar would lead the Organisation of Petroleum Exporting Countries to base oil prices on a basket of currencies. This would put up the price of

oil which would, in turn, increase chemical feedstock costs. The price of chemical products would go up and, as a result, demand would begin to fall away.

Growth in demand for synthetic resins and plastics would be hit by sustained use of traditional materials like steel and paper.

There was overcapacity in many traditional material sectors and this would keep prices down and stiffen competition with plastics producers.

The output of plastics and synthetic resins would grow by an average of 5.34 per cent a year between 1978 and 1983. But this was still expected to be 1.5 times the average annual increase in real GDP in the UK during the same period.

Immediate trade prospects for the UK chemicals industry were "encouraging," but the medium term outlook was "less promising."

Exports of organic chemicals were expected to grow by 4.2 per cent more during the next two years than during the 1980-83 period.

Rising exports and increased import substitution by Middle East, Far East and Eastern European countries are expected to bite into the trade balance after 1980," Economic Models says.

The decline of the U.S. dollar and the acquisition of U.S. chemical companies by more international or oriented European companies may also harm UK trade in third markets."

## Exploration Company

By PAUL TAYLOR

THE EXPLORATION Company is not holding a board meeting on Thursday as inadvertently listed yesterday in the Week's Financial Diary.

The company, which was set up to develop the 10-acre Morgan Crucible site at Battersea Bridge Road, Wandsworth, south-west London.

The development by Wates, Ltd., includes offices, housing, and public gardens and riverside walk.

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## Increase in motor bikes registered

By Paul Taylor

MOTOR-CYCLE registrations last month rose by 21 per cent to 26,774 compared with September last year.

In the first nine months of the year registrations fell by 13.9 per cent to 185,858 because of a large drop in mopeds, registration of which was suspended after the introduction of the 30 m.p.h. maximum speed limit in August last year.

Moped registrations fell 42.3 per cent below last year's nine-month total of 77,081.

In the same period, registrations of machines over 50 cc rose marginally by 2 per cent to 141,510, according to figures published yesterday by the Department of Transport.

The trend, therefore, is clearly one of renewed growth in the moped market after the disruption caused by the introduction of the speed limit.

Last month moped registrations grew by 75.8 per cent to 7,858 against the figure in September last year.

## London site go-ahead

MR. PETER SHORE, Secretary of State for the Environment, has granted outline planning permission for development on the 10-acre Morgan Crucible site at Battersea Bridge Road, Wandsworth, south-west London.

The development by Wates, Ltd., includes offices, housing, and public gardens and riverside walk.

## Gatwick-Scotland flights for £21

By MICHAEL DONNE, AEROSPACE CORRESPONDENT

A CHEAP £21 single off-peak fare between Gatwick and Glasgow and Edinburgh will be introduced by British Caledonian flights provided they stay away from November 1, for some mid-week and all weekend flights.

The new fare has been approved by the Civil Aviation Authority. At the same time as it approved rises in peak economy-class fares on the main British Airways and British Caledonian trunk routes between Gatwick and Heathrow and Glasgow, Edinburgh and Prestwick from £33 to £35, British Midland's Gatwick-Belfast single rate remains unchanged at £30.

The aim of British Caledonian is to stimulate off-peak traffic by introducing a trial Caledonian trunk routes between Gatwick and Heathrow and Glasgow, Edinburgh and Prestwick from £33 to £35, British Midland's Gatwick-Belfast single rate remains unchanged at £30.

The new cheap British Caledonian off-peak adult single rate of £21 to Glasgow and Edinburgh will only be available on two flights a week, on Tuesdays and Thursdays, and on all weekend flights.

It is coupled for the Christmas period only with a cheap child fare of £11 single until January 14, and in the British Caledonian routes between Gatwick and Glasgow/Edinburgh, provided to UK internal air fares that includes the introduction of under and is accompanied by at least one adult.

## BMA warns Government

FINANCIAL TIMES REPORTER



# How NCR stops banks losing face when they lose faces.

Providing fast, efficient service while keeping a tight control over costs is a problem that confronted the retail industry many years ago.

The same dilemma now faces banks. And, like retailers, the answer is often in providing self-service facilities.

Many banks now already have NCR automatic note dispensing machines.

Machines that don't just dispense notes, but can give you your present balance, accept a deposit, request a statement to be sent and even order a cheque book.

The advantages are obvious: when the bank's busy, or there are cashiers at lunch, there's less chance of embarrassingly long queues.

Perhaps more importantly, self-service terminals can actually give bank staff more time to deal with customer queries and with the wide variety of other services that banks offer.

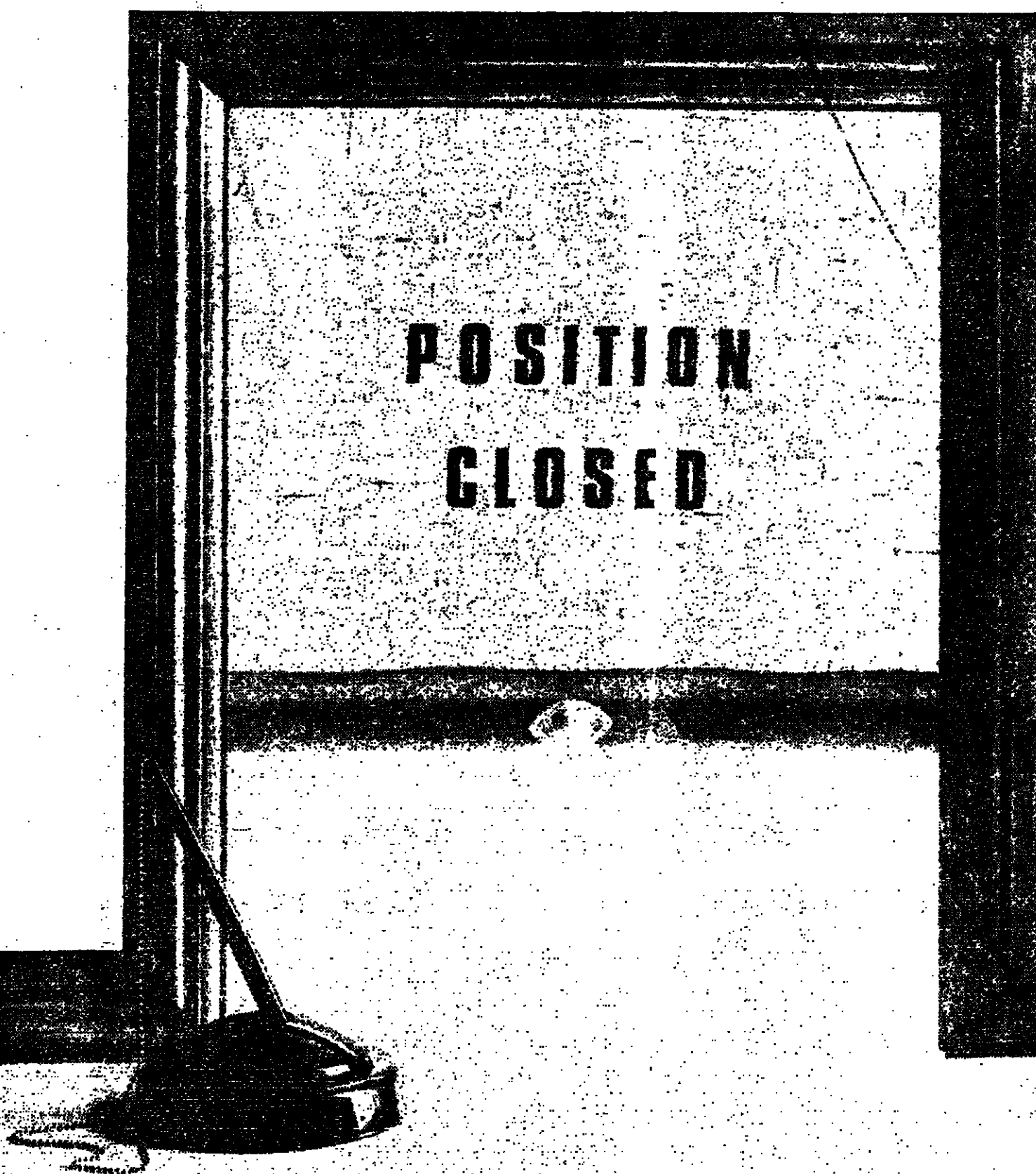
All round, in fact, NCR systems can reduce your paperwork, increase accuracy and speed up service. As a lot of banks are already finding out for themselves. They're rapidly discovering the benefits of doing business with a company which has now grown to number three position in the international data processing field. Someone who understands their problems and solves them quickly and sympathetically.

Remember, when you want to put a new face on the changing face of banking, there's only one company worth talking to: NCR, who else?

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**NCR Computers. Designed to grow with you.**

NCR Limited, 206 Marylebone Road, London, NW1 6LY. Telephone: 01-723 7070.





## LABOUR NEWS

# Scots drivers reject Phase Four offer

UNION NEGOTIATORS totally rejected a Phase Four 5 per cent pay offer made yesterday by the Scottish region of the Road Haulage Association to its drivers.

Officials of the Transport and General Workers' Union said after the talks that the employers must improve the offer substantially above the guidelines or they would face certain industrial action.

Scotland is the first area within the association to begin negotiations with the Transport Workers over a drivers' claim of between 20 and 30 per cent.

The union has taken the lead in attempting to secure a settlement above the guidelines.

Four years ago, a long drivers' strike in Scotland, which crippled road transport throughout the

area, led to a large pay deal which became a pacesetter for drivers' settlements in England and Wales.

Mr. Peter Talbot, the union's area secretary for commercial transport, said the offer was not only unacceptable but the employers had made no attempt to negotiate seriously on the claim, which also includes a shorter working week.

There would be no alternative industrial action if the association maintained its position, said Mr. Talbot, "and the employers are well aware of this."

The association's Scottish region, which represents about 5,000 drivers, is due to reconvene negotiations with the union later this week. Mr. Talbot said he was optimistic that the employers would come forward with a much improved offer.

Road hauliers nationally doubt whether there is any chance they can settle within the guideline.

Last year, the West Midlands, which settled at 15 per cent following selective industrial action against individual companies, set the average rate for other regions in the association.

Those settlements, which followed industrial action elsewhere, including a drivers' strike in Wales, formed one of the most major breaches of the 10 per cent Phase Three guideline.

Road hauliers last year were upset at the way the Government imposed sanctions on individual companies for breaking the 10 per cent, which the association believed the hauliers had no option but to do.

# Ink ban may hit Fleet Street

BY OUR LABOUR STAFF

EMPLOYEES of one of Fleet Street's leading ink supply companies started picket action on national newspapers yesterday and claimed to have prevented some 19 issues of ink being delivered to the Sun.

Mr. Bert Hardy, the newspaper's chief executive and general manager, said last night that the Sun was supplied by three ink companies, but if the picketing continued, "problems could arise."

The time is clearly coming when we will be short of ink," he said.

About 100 members of the National Society of Operative Printers, Graphical and Media Personnel at the Usher Walker factory in the East End are defying their union leaders in a strike which could affect ink supplies to all national newspapers.

Mr. Jim Burton, father of the NWSOP's chair at the company, said that the strikers would regard any driver bringing ink to Fleet Street from other parts of the country as "scabs" as long as the dispute lasted.

"We intend to picket Fleet Street all week," he said.

Mr. Burton said the strike was over management suspension of pay in full for workers at a period early in the dispute, which has lasted nearly two weeks, and over redundancy proposals.

Leaders of the union have refused to support the strikers, and have denied that management of the company has been in breach of procedure in initiating talks on 15 to 20 possible redundancies in the company.

# High stakes in hospital dispute

BY PAULINE CLARK, LABOUR STAFF

MR. DAVID ENNALS, the Social Services Secretary, had a difficult time finding a solution, have all been his controversial reference to about two sides protecting patients' dying as a result of the questions of principle.

Largely as a matter of principle, the unions feel they can not accept a new pay grading structure which on paper offers some of their members less money than that being earned by the craftsmen they supervise.

A scheduled Press conference on proposals for an up-to-date industrial disputes procedure in the National Health Service had to be taken side by side with a further briefing on one of the worst and most disruptive disputes ever to hit Britain's NHS hospitals.

It is clear that even the most perfectly constructed disputes procedure could not have prevented the industrial action which has been taken over the past month by 3,500 hospital workers supervisors—middle management group not noted for its militancy.

Mr. Ennals made it clear yesterday that the argument over the supervisors' wage differentials was essentially a Government pay policy dispute.

Yet the numerous attempts to find a solution since the industrial action began to indicate that the dispute is not just the result of a straightforward demand in breach of last year's ban on pay or the present five per cent policy.

The four meetings held so far between management and the five unions involved since the industrial action started, the several direct and indirect interventions by Mr. Ennals himself, and now

efforts by the Advisory, Conciliation and Arbitration Service to find a solution, have all been his controversial reference to about two sides protecting patients' dying as a result of the questions of principle.

Largely as a matter of principle, the unions feel they can not accept a new pay grading structure which on paper offers some of their members less money than that being earned by the craftsmen they supervise.

The Government and its pay policy, though, has been open to easy criticism in this case. Mrs. Rachel Kelly, chairman of the management side, said yesterday that there was considerable sympathy for the supervisors who had had to wait four years after the 1974 reorganisation of the health service before being offered an appropriate new pay structure.

The supervisors, meanwhile, have asked the Government for a chance to prove that an interim deal could be genuinely self-financing. They have made proposals to this effect because they are confident that efforts, for instance in the field of energy savings in the health service, could provide genuine productivity savings.

The whole problem might have been foreseen a year ago, when the private electrical contracting industry agreed to a bonus deal for all its employees, whether they were able to be part of a genuinely self-financing productivity scheme or not. The Government at first opposed the deal, but finally allowed it through after the Holiday Hall company based in Croydon persuaded the High Court that it was obliged to follow the agreement for the industry.

The Government, however,

## schemes delayed

The hospital electricians, like their industrial counterparts, also received their £8.50 a week bonus from last September only because of a 95 per cent of their agreed to take part in genuine health service productivity schemes.

The fact that many of the hospital electricians—again like their industrial counterparts—are receiving their bonuses ahead of joining actual self-financing schemes because of health authorities' delays in introducing them, has undoubtedly, in the supervisors' view, weakened the Government's case that a matter of principle must be protected at all costs.

The cost, on the latest reckoning, has been 9,000 hospital beds closed, 30,000 more patients on hospital waiting lists and a bitter public slugging match between Mr. Ennals and the unions over who is responsible for the industrial action which both sides have finally admitted is endangering sick people's lives.

# Farmers outline priorities

FARMERS SAID yesterday that the agricultural workers' claim for a minimum £30 weekly wage and other benefits would cost the industry £800m a year.

Mr. Alex Lewis, chairman of the National Farmers' Union labour committee, said that the total claim amounted to an increase of 125 per cent on the current £625m a year labour bill.

The employers made no offer but said they would prefer to give priority to higher differentials for responsibility and skill, to restoring the overtime rate to time and a half and raising the basic rate, all within the Government's 5 per cent guideline.

# Services grouping plans advance

BY CHRISTIAN TYLER, LABOUR EDITOR

PLANS FOR a new grouping of public service unions to tackle the Government's pay and monetary policies were approved yesterday by the TUC's "inner cabinet," the finance and general purposes committee.

But it is not certain that the TUC General Council will approve the idea of a new public services committee when it meets tomorrow.

Although Mr. Moss Evans, of the Transport Workers, assented to the plan yesterday, provided it was restricted to "non-trading" sectors, his union and the engineers have been wary of it as implying some limitation of unions' bargaining freedom.

The plan was conceived by Mr. David Bassett, of the General and Municipal Workers' Union. He sees it as a necessary forum for lobbying Ministers about public expenditure and cash limits, and for ensuring that some 5m workers in central and local government, the health service, education and elsewhere, are not "discriminated against" in pay bargaining.

Mr. Bassett said that the new committee would supersede existing collective bargaining machinery for the work of other TUC industry committees. It would be left to devise its own system of dealing with government.

But the GMWU itself is anxious to bolster collective bargaining in these sectors with machinery for comparing wages with outside industry—perhaps a modified form of the pay research conducted on behalf of white-collar civil servants.

Yesterday, Mr. Tom Jackson, of the Post Office Workers, said postmen should be included in a public services committee. But it was apparently decided that nationalised industries were not eligible, having, in theory at least, the muscle power to fight their own battles with Government or Treasury.

Discrepancy of treatment for public and private sectors if the rigid Phase Four pay controls are lifted is one of the problems facing Ministers and TUC leaders.

They meet again tonight for what could be a watershed in their search for a new concordat on incomes policy. The TUC is pressing the Government to fight its battle against inflation through price controls, and for the 5 per cent ceiling on pay to be lifted.

Although Ministers are discussing the possibilities of further price measures, they still have to satisfy themselves that the TUC can deliver a promise of self-restraint by the shopfloor, sufficient to keep inflation in single figures.

There was little hope yesterday of a quick end to the dispute that has halted publication of Scotland's Daily Record and Sunday Mail.

The TUC's Printing, Industries Committee, which has been asked to intervene in the 10-day old dispute, is not expected to meet until Friday.

A committee member said it was doubtful if any positive decision would be taken then.

The Evening Standard failed to appear last night. It is believed there was a dispute involving machine-room workers, members of the National Graphical Association.

# Banks and unions study report on recruitment

BY NICK GARNETT, LABOUR STAFF

THE TUC, along with the clearing banks and their employees' organisations, will want to study very carefully the implications of the report by Dr. Tom Johnston on staff representation in the banks.

Trade union leaders, including Mr. Len Murray, the TUC general secretary, have been deeply concerned that union recruiting disputes which have bedevilled blue collar sectors, are being repeated among white collar workers, who provide the unions' biggest new recruiting field.

One question the TUC will want to answer is whether the report, which proposes a new federated and TUC-affiliated banking union made up of the existing National Union of Bank Employees and the clearing bank staff associations, could lay the basis for a more rationally organised union recruitment structure in the finance industry.

It is not a simple question. Already, Mr. Clive Jenkins' Association of Scientific, Technical and Managerial Staffs has given notice that it will fight the proposals with the TUC.

Westminster will also continue to consider joining ASTMS, whose membership at Midlands is thought to be slipping, has announced that it has no intention of giving up its members in the Midlands and instead will continue its recruitment drive in the banks.

That drive has so far proved rather feeble although Mr. Jenkins is determined to fight out with NUBE, within the TUC's disputes procedure, the issue of staff representation at the Bank of England.

The staff association there has been discussing a possible merger with NUBE.

Before the TUC becomes directly involved in the wake of the report—if in fact it does—the main participants in the membership dispute, the clearing banks, including those in insurance, a traditionally ASTMS area.

The overall body would include a special newly formed and semi-autonomous section representing staff solely in the clearing banks.

"We are extremely hostile to the setting up of a new TUC-affiliated umbrella organisation which will cater for people in jobs we already look after," Mrs. Muriel Turner, ASTMS assistant general secretary, said yesterday.

At least one of the staff associations—at Barclays—which has been in tentative discussions with ASTMS has extremely poor relations with NUBE.

If the report ends up by pushing that association into the arms of Mr. Jenkins, the labour relations structure within the banks is likely to become more chaotic than it already is.

The existing problem is a serious one—for the TUC, for the banks whose national negotiating machinery has disintegrated and for the staff bodies which absorb too much of their energy and time feuding with each other.

Mr. Murray has already had more than one attempt at sorting out the difficulties between those organisations affiliated to staff association at National

# BL faces parity threat

By Our Midlands Correspondent

BL COULD still face a tool-makers' strike unless management promises to bring forward pay parity arrangements not due to be fully implemented until next November.

The committee of the unofficial body of 3,000 toolmakers led by Mr. Roy Fraser meets in Birmingham today to decide whether to strike in a week's time in support of 32 robot toolmakers at SU Fuel Systems if the management has not by then agreed to meet its representatives.

The 12-week old strike by the 32 seemed about to collapse when support from Mr. Fraser's organisation was postponed after reports that parity was to be accelerated.

This was assumed to give the men £54.78 a week and we could not count on men coming out in sympathy with us when they seemed about to get £11 for doing nothing," Mr. George Regan, the SU strike leader, said last night.

But the company has denied new arrangements on parity, and the strike threat is again on.

Yesterday's meeting still has to gauge whether Mr. Fraser would be able to count on enough support to make a strike effective.

The present mood within BL has been moving, like that of Vauxhall, against militant industrial action.

## OBITUARY

### Mr. Bill John

By Our Labour Editor

MR. BILL JOHN, a senior executive councillor of the Amalgamated Union of Engineering Workers, has died in hospital, aged 58. His career had been increasingly dogged by ill-health.

He was leader of the moderate wing of the AUEW. The union's engineering section will now have to call an election for the South Wales and South-West England division that Mr. John represented for 11 years.

A toolmaker by trade, Mr. John started his union career as a shop steward in a Cardiff fastener factory. He became branch secretary then a regional officer in Bristol. He was a member of the Labour Party national executive committee for three years.

Only last month, the union lost Mr. John Forrester, a deputy general secretary of its white-collar section. TASS, who was also a member of the Labour Party national executive.

Mr. John leaves a widow, Phyllis, and a daughter, Pamela.

# New cans for old—a thing of the future; it's Metal Box's business.

Any society which needs food preserved, stored and distributed widely is going to need the can, for a long time to come.

But is there any way we can make more of our natural resources by re-using the tin and steel from the discarded tins?

We set out to find the answer, and established Material Recovery Ltd.—a joint venture with British Steel and Batchelor Robinson—to recover and recycle used cans.

So far, the results are encouraging—despite the added costs of collecting, separating and cleaning the used cans. And the experiment goes on.

Maybe Britain will be able to recycle all its used cans one day.

And that will be just one more case of Metal Box pointing the way for others.



The full cycle—it's Metal Box's aim.



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New Issue

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October 24, 1978



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Financial Times Tuesday, October 24 1978

The Severn Bridge is undergoing major repairs again. But in common with other estuary crossings, its problems are more than structural

JUST FIVE months after it was re-opened to four-lane traffic the Severn Bridge, which carries the M4 motorway across the Bristol Channel, is in trouble again.

Problems in the expansion of the bridge have led the Ministry of Transport to close one lane in each direction until the new bridge is at the earliest. Last time, the bridge had traffic restrictions for 15 months, leading to enormous delays at peak periods. As if this were not enough, corrosion appears to have attacked some of the tower cables.

Meanwhile, a public inquiry is open today to consider an increase in the toll from £2.20—predictably one which has caused an outcry. Some 10 organisations have lodged objections.

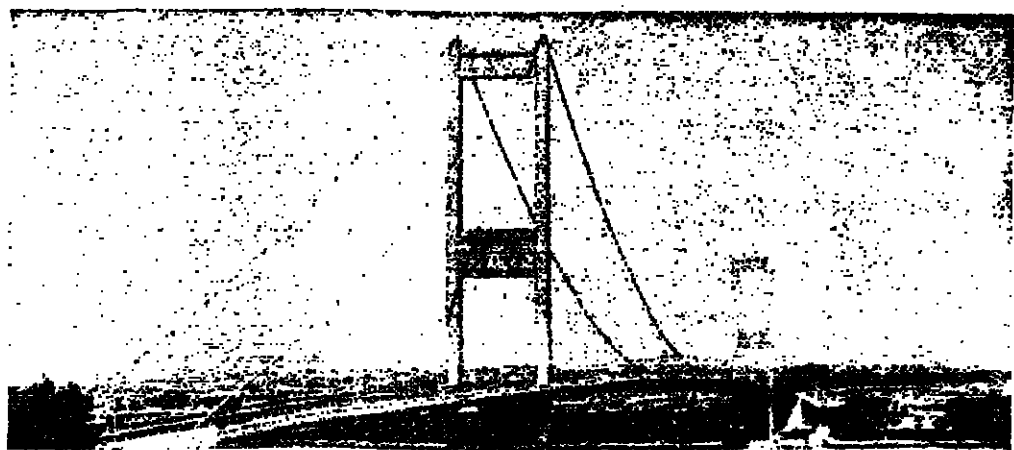
The bridge was opened in 1966 and the 11m vehicles which pass it each year provide an income of £1.3m. The Act which gave the Government the go-ahead for the bridge stated that the £12.5m capital cost should be paid off within 40 years and the tolls abolished.

The Government is in a quandary about tolls, because while it has told authorities responsible for other crossings that they should raise their tolls to take account of inflation, it has done nothing about those over which it has control—a policy for which it has been severely criticised by the public accounts committee of the House of Commons.

In 1972-73 the Government told the PAC that the 15p toll on the Bristol Bridge across the Gorge, opened in 1871, could be reviewed regularly in order to maximise revenue. Yet the rate has been unchanged since it was opened. And the only change on the Severn Bridge was a small cut following decimatisation. What exactly the Government's policy is, the committee asked in August.

This question interests the operators of other estuary crossings very much. The Government's general view is that large and expensive estuarial crossings which produce considerable savings in time and cost to users should be subject to tolls. But it qualifies this by adding that tolls should not be imposed "where construction costs and likely traffic are too small to justify the costs of collection," or where arguing would cause "excessive diversions of traffic to other routes." This principle has been shot through with holes.

There are 10 estuarial crossings in Britain, eight of them operated by authorities other



## The costs gap which tolls cannot bridge

than the Government, and one—both free and has diverted the Humber bridge—in the traffic away from the Mersey course of construction. The tunnels. To get to the tolls most heavily used are the Humber bridge, when it is Mersey tunnels: the Liverpool opened over the untolled crossing of 1934 and the twin tubes to the Cause at Goult on the M62. Wallacey in 1971 and 1973. The Cheddler bridge in Dyfed, which generates a minute amount of traffic—just 1m vehicles a year—levies a toll of then the Dartford tunnel, 30p.

BY ANTHONY MORETON  
Regional Affairs Editor

opened in 1963 and used by 10m cars and lorries. (A second tube should be opened next year.)

But there are also 15 major crossings which are free, and it is proposed that the Britannia bridge linking Anglesey with the rest of north Wales should be free when it is completed. These existing toll-free crossings vary from the Avonmouth bridge, which carries the M5 across the river at Bristol, to the Moray Firth crossing of the A9 outside Inverness. It is difficult to see how some, if not all, of these crossings fail to meet the Government's main criteria of "producing savings in time and cost."

The list of illogicalities is extensive. The Runcorn Bridge across the Mersey to Widnes

last April was £2.8m, which amply covered the operating cost of £1.1m. But there was also a debt charge of £3.9m so that Dartford incurred a loss during the year of £2.2m which added to previous losses, meaning it now has accumulated a deficit of £5.4m.

The position is worse on the Mersey. Its toll income of £5.3m was double its operating cost. But when £6.1m of debt charges were taken into account it had a loss on the year of £3.4m which meant a total deficit of £22.9m. To eliminate this, the toll for a car would have to be raised from 25p to £1.35.

The other members of the consortium face the same sort of problems. Both the Dartford and Tyne authorities believe that they are part of the general road network and should be treated as such.

What the authorities now want is government assistance in meeting part of the cost of the interest charges on the loans.

Interest charges now exceed toll income by a very large margin. This has led to the practice of capitalisation—the process by which debt charges on loans raised during construction are refinanced by raising further loans. A deputation from the consortium, led by Councillor H. Harriman, of Merseyside, recently put the case for some interest relief to Mr. William Rodgers, Secretary for Transport, and was pleasantly surprised when he did not reject them out of hand.

The PAC has criticised capitalisation because of the risks of debts becoming unmanageable, and Mr. Rodgers has on his mind at the moment. He has to reply to the committee next month and so the timing of the consortium's meeting with him could have been propitious.

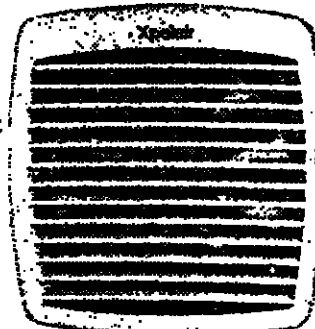
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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## ELECTRONICS

### Measures film lengths

SHARLAND MULTI-DUTY film frame counter and timer enables film and magnetic-film stock of all types to be measured with great accuracy. The Sharland counter assesses the number of frames in a length of film according to its type (35 mm, 16 mm, Super 8 or 8 mm) and processes this data to display both film footage and film running time, as required. It is a solid-state electronic device incorporating a Ferranti 24R optical encoder as the film measuring transducer. This encoder provides a direct electronic output suitable for electronic control circuits and is inherently reliable with potentially a long service life.

The Sharland multi-duty counter can be adapted to operate with all types of film-editing units, and projectors used for dubbing, and an adapter has been designed and is available that enables the encoder transducer to be fitted as a direct replacement for the mechanical counter on Steenbeck editing machines.

A selector switch on the fascia of the counter enables the operator to choose the particular information shown on the six-digit visual display. As film is run through the editing machine to which the Sharland counter is coupled pulses from the Ferranti digital encoder, indicating the number of frames that have passed, are recorded in a register.

According to the setting of the selector switch this basic data is then converted by hard-wired calculation circuits to show the information required. Because the data held in the storage register represents the number of frames from some pre-specified datum position, film footage and film running time can be determined merely by resetting the selector switch. The equivalent length of film required in other gauges can also be determined by changing the selector switch. The count displayed is accurate no matter how many reversals

### Circuits are protected

CLAMP CROWBARS for protecting sensitive microcircuits from destructive transients and over-voltage conditions are available from Rhopoint, Oxted, Surrey, RH22 2NG.

These two-function devices will clamp low energy transient spikes appearing on the dc power line to a safe pre-determined level, recovering automatically when the transient passes. On higher energy over-voltages such as would be caused by a power supply fault or mis-adjustment, the devices, sensing the higher energy present, will automatically go from clamp to crowbar mode, switching, in micro-seconds, from an open to virtual short circuit. The unit will reset automatically if the power is momentarily removed. Clamping crowbars come in a range of voltages to protect 5V, 12V, 15V and 28V dc circuits with current ratings of either 5A or 35A. Other voltages and current ratings are also available. Rhopoint, Oxted (08833) 7988.

## RESEARCH

### Shows how metal panels distort

LASERS CAN provide a simple, safe and relatively cheap way of seeing the actual distortions in a metal panel while it is vibrating. The method has been developed by a team in the Cranfield Institute of Technology's (CIT) School of Automotive Studies. So far, all other methods used have been unsatisfactory, and it is hoped that the new work will have applications in the fields of noise research and structural fatigue testing, apart from arcane applications in espionage.

The technique uses a low cost laser to produce a poorly understood phenomenon — laser speckle—which can be turned to good use by making the areas of vibration visible to the human eye and to the camera. Laser speckle is a fine pattern of irregular dots which can be seen by focusing the eye on a point somewhere between the observer and the surface which is being illuminated by laser light.

Each speckle dot relates to a small region in the panel surface which, as it moves due to vibration, is constantly—but not uniformly—changing its inclination to the laser beam. This movement is reflected in the overall speckle pattern, which becomes in some sense an image of the vibrating panel itself.

The speckle effect is set up by laser light striking the panel surface and being scattered into a cross-section of rays in the space in front of it. When the rays cross they interfere with one another, combining to give bright spots and dark spaces which make up the "pictures" of what is happening on the panel surface.

The speckle pattern shows streaking over any area where the inclination is changing rapidly, while the stationary speckles indicate static areas, or those areas moving directly in and out. The need for the observer to focus his eyes some-

where short of the surface can be met by using special spectacles to make him short-sighted. In the same way, the speckle can be photographed using a camera with a defocused lens. This, in itself, was a breakthrough by the CIT team. Their method is a highly defined combination of camera position and settings.

It is not absolutely necessary to use a laser—a good monochromatic (single wave length) light source is essential. The beam of the low-power helium-neon laser used is slightly divergent—partly for safety reasons—using a ground glass diffuser. The panel is treated with retro-reflective paint to concentrate the reflected light and make it possible to view large surfaces.

The equipment is simple to use and costs in the region of £1,000—the Cranfield work was done with a £500 laser and a £200 camera. The technique can be applied to any fairly large surface. Apart from the fatigue and noise applications, loud-speaker manufacturers may have uses for it, and so might concert hall designers and managers.

Cranfield Institute of Technology on 0234 750111.

## INSTRUMENTS

### Testing new radio links

USING advanced component technology and combining transmit and receive facilities, Siemens has halved the price of its selective level measuring sets in the 200Hz to 620 kHz range.

Modern communications systems make stringent demands on test procedures and measuring instruments. Users of communications test equipment require that measuring instruments be designed to meet differing standards, measured to high degrees

of accuracy and yet be versatile and cost-effective.

Together with a number of user groups, Siemens investigated measurement procedures on communications systems and found that only in 5 per cent of cases was a separate transmitter and receiver required, i.e. in 95 per cent of cases a combined receiver/transmitter with the two sections permanently synchronised is better suited. The use of separate equipment is obviously inefficient and wasteful: inefficient because two instruments have to be transported and operated, and wasteful because many of the instrument's internal circuits are duplicated, thereby increasing costs.

To facilitate improved test procedures and to reduce equipment costs, Siemens has introduced a combined test instrument that measures system characteristics at improved accuracies. The use of LSI circuits and combined transmit and receive functions, produces a level, loss and gain measuring instrument for less than half the price of the two instruments it replaces.

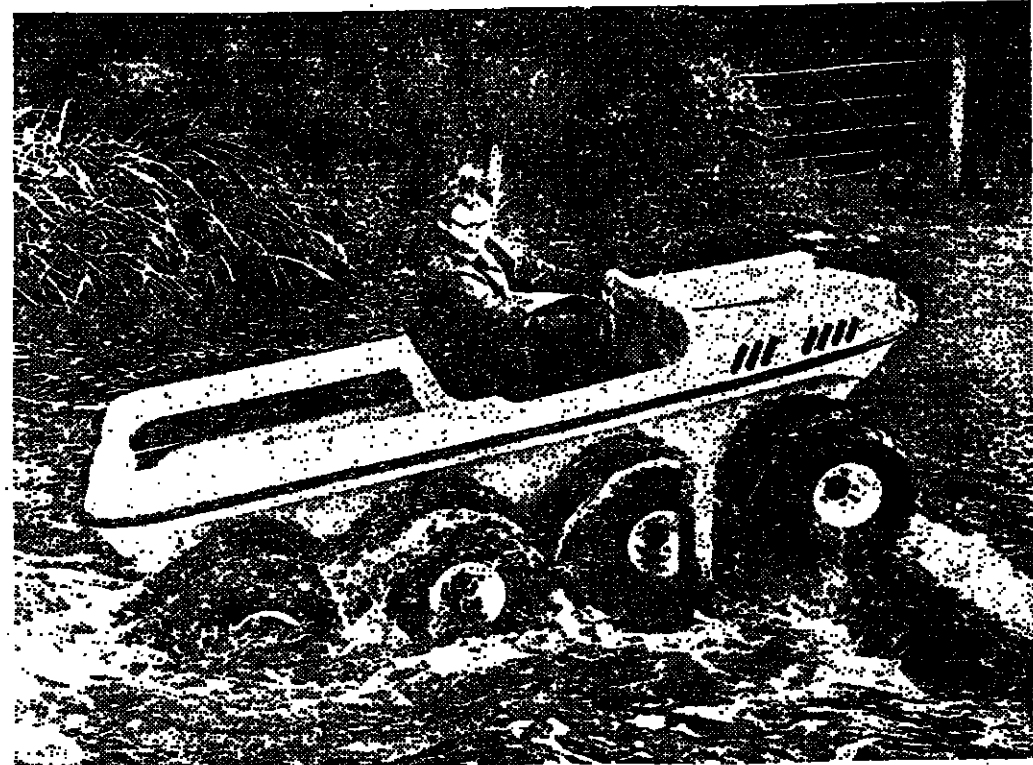
Designated K2155, the new instrument has a measuring range from 200Hz to 620kHz at levels from -110 to +20dB/dBm in the selective mode. Compact and robust construction—17.9 by 5.9 by 18 in (455 by 150 by 457 mm) and enough strength for use in the most rugged working conditions—makes the instrument ideal for both production and maintenance uses. A built-in rechargeable battery (discharge

time in excess of 30 hours depending on operating mode) ensures independence from mains power supplies. The instrument's frequency range covers measurements on balanced 120 channel systems and voice frequency telegraphic systems.

Two receive bandwidths, 30Hz and 3.1kHz, are incorporated for various measurements. The highly selective 20Hz filter is for pilot measurements on voice frequency and telegraphic systems where the pilot frequency is very close to the interfering tone.

For higher frequency requirements, Siemens is also offering a test set which operates in the 200Hz to 6MHz range. This set is designated K2018.

Siemens House, Windmill Road, Sunbury-on-Thames, Middx. TW16 7HS. 08327 85691.



This is the Alpine Newt, a 16-wheel drive amphibious vehicle originally designed as a military support vehicle but now seen to have many uses in civilian roles. It could for instance be useful to the police, coastguards

and mountain rescue units. Costing about £3,800 the vehicle has a 16 hp engine and joystick type steering. Speed on land is said to be over 25 mph and on water 3 knots. It is built by Crayford Auto Development of High Street, Westerham, Kent.

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## COMMUNICATION

### Designed for hotels

OFFERED by General Telephone and Electronics is a version of the GTD-120 digital TARSX designed to cater specifically for the needs of the hotel industry. Basically, the equipment takes incoming speech channels, digitises the speech using pulse code modulation, moves the speech data round the exchange on time division multiplexed lines, switches the calls using solid state devices, and reverses the process for outgoing channels. Direction is by stored program control using a micro-processor.

As a result, the exchange can offer a considerable number of telephone facilities tailored for hotels of up to 120 extensions. Physically, the system consists of a small electronic switching cabinet, desk-top console for the operator, a control and display terminal for administering some of the special services, and a tabletop printer for producing certain permanent records. The facilities obtainable will be of some interest to proprietors and guests alike.

For example, the telephone in a room can always be made to be the same as the room number, simplifying the matter for guests and making records easier for management.

Guests' local calls are counted automatically, and they can place long-distance calls direct with the operator, cutting the hotel's and their own costs. Guests' requests for wake-up calls can be fed into the system's computer, which will then ring each telephone at the arranged time and play a recorded message. By request, a room phone can be effectively cut off at night, inter-room calls being automatically diverted to the console.

A small lamp flashing on his telephone notifies an occupant that a message awaits him.

Phones in unoccupied rooms can be neutralised, preventing unauthorised calls.

Although these are typical of the facilities provided they are easily altered or added to via the stored program, allowing the system to suit precisely the proprietor's wishes.

More from GTE International, Viale Europa 1, 20087, Cologne, Monze, P.O. Box 3954, 20100 Milan, Italy.

## SECURITY

### Protection from thieves and vandals

IN DESIGNING its system for the protection of motor vehicles against thieves, vandals and joy riders, Ware Electronics has ignored the usual kind of pendulum device (prone to wind and child activation) and has instead used a system which detects any increase of current taken from the battery due to intrusion.

When a keyswitch is turned to activate the alarm system, a siren will subsequently sound if the battery current increases; this means that opening of doors fitted with courtesy light switches, operation of the ignition circuit, or the turning on (or off) of any accessory in the vehicle will sound the alarm.

The siren unit, which contains the electronics, measures only 100mm by 72mm in diameter and has a frame for mounting using two self-tapping screws. This, together with the keyswitch and an accessory protection contact set (normally used to protect the radio) is easily wired to the battery. A bonus protection switch can also be supplied.

More from the company at Fir Tree Mills, Higham, Near Watford, Hertfordshire WD2 4TT (0823 40511).

## Counts and controls

A PRE-SELECTING batch counter and controller suitable for use with a wide range of production machines in industries such as textiles, coil-winding, food processing, packaging and many others has been put on the market by Control Ability of Blackburn.

The desired achieved count is set on thumbwheel digital indicator switches on the front panel and when the actual count is reached, a relay can be connected to inductive, magnetic, photoelectric and mechanical sensors.

Data on the units, designated PC from the company at Cantact set is operated through a bridge street, Great Raywood, decade divider an additional elec-

tromagnetic counter can be operated if desired, allowing the count to be remembered if the mains should fail. A version with two sets of pre-setting switches can be provided to yield relay action at two distinct levels of count.

Housed in a DIN case and running from the mains, the unit can be connected to inductive, magnetic, photoelectric and mechanical sensors.

Data on the units, designated PC from the company at Cantact set is operated through a bridge street, Great Raywood, decade divider an additional elec-

## Noise level computed

AIRCRAFT, railway and other long-term environmental noise can be monitored and processed over periods of days, or with external batteries, weeks, using the 1616AX portable noise event analyser put on the market by Computer Engineering.

Supplied complete with the necessary microphones, tripods and cables, the instrument both displays and prints out the equivalent continuous noise level and the level that is exceeded for a selected percentage of the time.

Housed in a weather-protected case, the instrument covers a 90 dB dynamic range and can be set to cover levels between 25 and 115 dBA or between 55 and 145 dBA.

The instrument is also able, throughout the period that a pre-set threshold is exceeded, to print the time at which the level goes above or drops below this.

The company is at Wallace Way, Hitchin, Hertfordshire SG4 0SE (0462 52731).

Models are available with a high current range (the 8010A) or with two low resistance ranges (the 8012A).

Finke is at Colonial Way, Watford, Hertfordshire WD2 4TT (0823 40511).

## LIGHTING

### Powerful hand lamp

A NEW rechargeable battery powered hand lamp which weighs only 31 pounds and gives a light output estimated at 10,000 candlepower, or 4 the normal car headlight main beam power, is going on show at the Europort marine exhibition in Amsterdam next month.

It comes from Wolf Safety Lamp company of Sheffield, manufacturer of safety lamps for inspection and general lighting and gas testing in hazardous areas for marine, industrial and mining requirements.

The "Wolfite" hand lamp No. 251 gives 2,000 hours out put before replacement is necessary. A spare battery can be recharged in four to four and a half hours and thus one lamp with a spare battery can give almost continuous use.

Light is produced from two sealed lead-acid fast recharge cells.

The lamp is important as part of safety equipment, particularly when an accident has given rise to a hazardous atmosphere. Vapour from damaged rail or road tankers or serious domestic or industrial gas escapes may ignite if non-safety equipment is used, while bilge gas and cargo vapour are a constant hazard.

The new lamp is expected to retail at around £37 with reductions for quantity purchases.

## Versatile meters

FLUKE International Corporation, which applies multi-range electrical meters, has developed a diode test facility which enables semiconductor junctions to be checked.

Basic DC accuracy is +0.1 per cent of the reading plus one digit—a specification which holds good for one year—at 23 deg C ±5 deg C.

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## Tests micro systems

A PORTABLE test and analyser equipment for microprocessor unit operating in that emulation systems based on the Zilog Z80 and Z80A devices is available from Microsystem Services.

Made in the U.S. by Millenium, the unit can provide in-circuit emulation, signature analysis and time domain analysis from a compact suitcase test unit weighing 9.5 kg.

Further details from Duke Street, High Wycombe, Bucks (0494 41661).

More from the company at Fir Tree Mills, Higham, Near Watford, Hertfordshire WD2 4TT (0823 40511).

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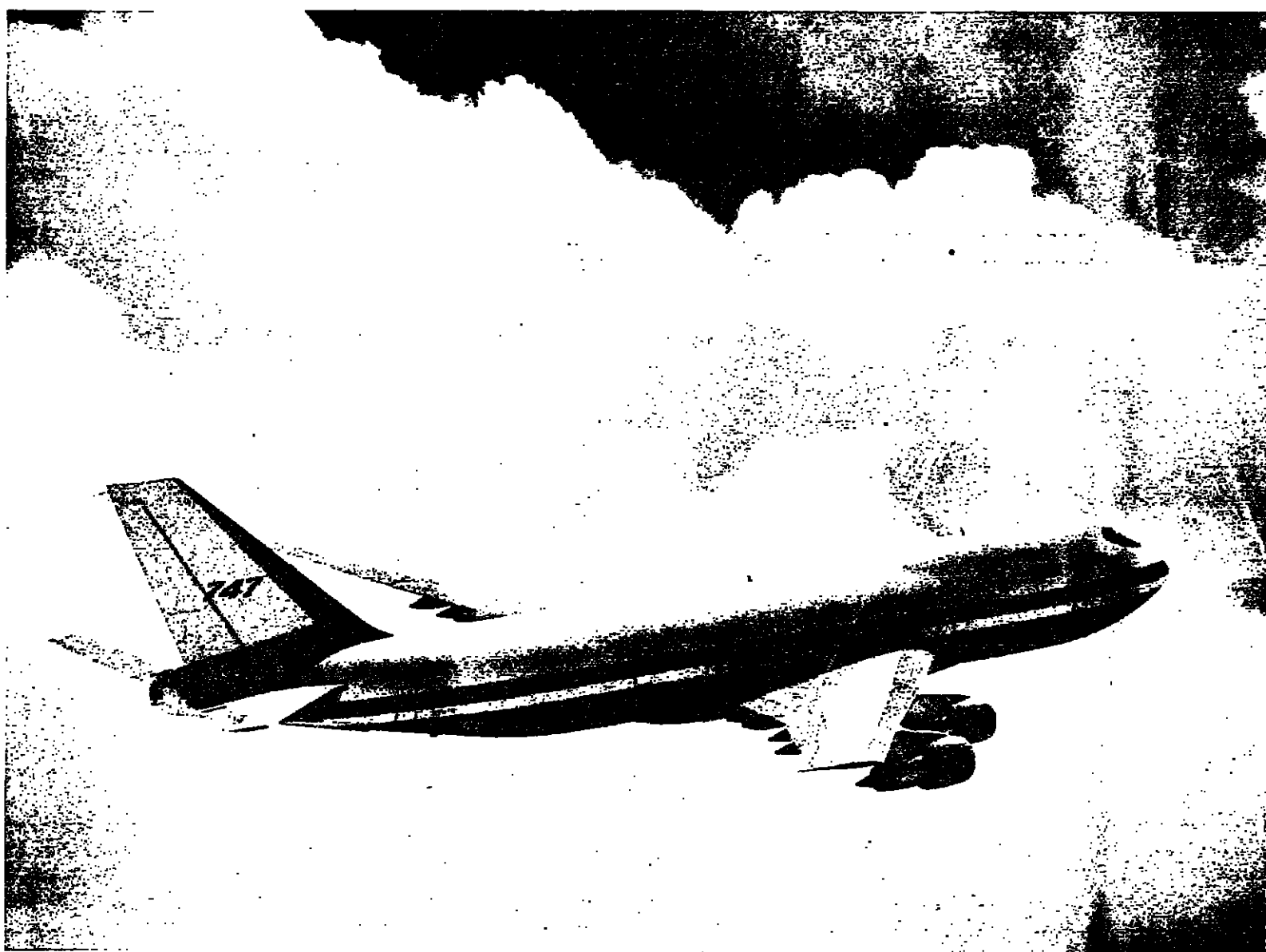
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invites applications for the post of Director of its Eastern Region which covers the counties of Beds., Cambs., Essex, Herts., Norfolk and Suffolk. The Regional Office is located in Cambridge. The present Director retires in April 1979. Responsibilities include the administration of a large Region and the efficient conduct of its business. This is a major task requiring considerable managerial skill and administrative ability, involving direction of the activities of a Regional staff, maintaining communication with Local Associations and member companies and with other organisations and official bodies and co-operating with Headquarters staff. The Director is also responsible for implementing Federation policies in the Region, for the financial affairs of the Region and for the provision of guidance to the elected Officers of the Region. Attendance at meetings throughout the Region, at London Headquarters and adjacent Regions is required entailing a considerable amount of travelling.

Applicants should hold a degree or professional qualification and have a sound knowledge of the building industry and economic affairs—a legal background and knowledge of contract law would be desirable. It is envisaged that the successful applicant will be around 40 years of age. Starting salary by negotiation, depending on age and qualifications. A car is provided. Applications, with curriculum vitae, marked Private & Confidential, to the Assistant Director-General, NFBE, 32 New Cavendish Street, London W1N 8AD, by not later than first post on 6 November 1978. It is hoped that the successful applicant will be able to take up the post by not later than 1 March 1979.

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### COMPANY NOTICES

**NICHII COMPANY LTD.**

NOTICE TO EDH HOLDERS

Further to Notice of September 4, 1978, notice is hereby given that the 1978 Annual General Meeting of Nichii Company Ltd. will be held on Monday, 15th October 1978, at 11.30 a.m. at the Company's registered office, 15, Abchurch Lane, London EC4N 3DF.

A further announcement will be made in due course.

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# The Management Page

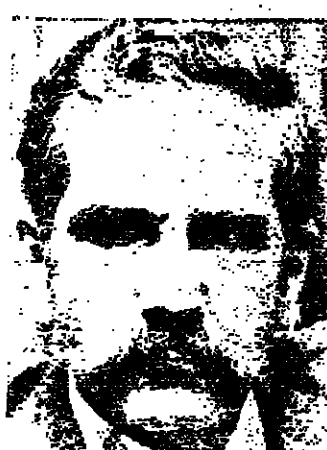
EDITED BY CHRISTOPHER LORENZ

Max Wilkinson reports on the breathtaking track record of a leading U.S. micro-electronics company

## From chips to computers in one spectacular jump

ALL the current European discussions about how to build strength in micro-electronics, a key fact is often ignored: at the U.S. companies which dominate the market are themselves in a state of upheaval.

The world leading semiconductor manufacturers have found that the complexity of their products has started to pull them into new areas of business which demand more research, new management approaches and above all, complete redefinitions of their basic strategy.



Charles Spork, president of National Semiconductor.

The rapidity with which some of these companies have responded to new conditions is breathtaking—and certainly an instructive lesson to some of the more traditional industries which are now beginning to feel the shock waves of the micro-electronics revolution.

One of the most interesting examples is National Semiconductor, the Santa Clara, California, company which has flourished in ten years from a security to become one of the world's four largest semiconductor manufacturers, with turnover last year of nearly \$10m.

During its brief and spectacular rise, National has made rapid changes in direction, including an expensive move into the consumer electronics market. Now it is finding itself for the first time a major computer company.

As Mr. David Martin, vice-president in charge of the new computer products division, claims: "We started out as a company making semiconductors. Now we are becoming a company which uses computers to make computers."

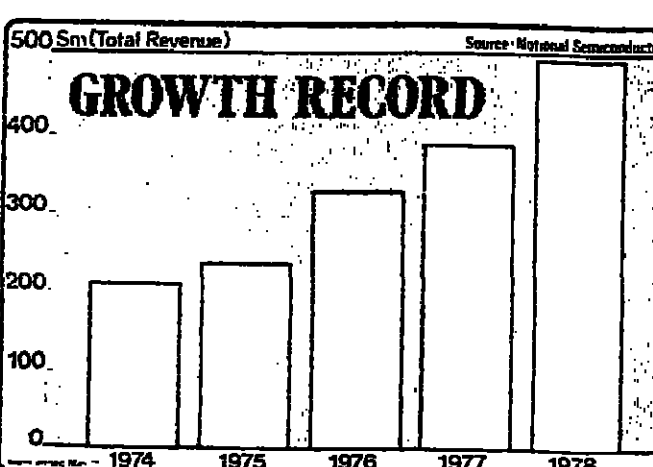
He was describing not a policy of deliberate diversification into the computer business, a basic trend in the manufacture of semiconductors themselves. Miniaturisation has been so far that the tiny

IT WAS not until the early 1960s that techniques were developed for implanting more than one transistor onto a single "chip" of silicon, and connecting them up to form an integrated circuit. Very rapid strides have since been made in etching more and more transistors onto chips only a few millimetres square. Packing densities have doubled every year. Entirely new mass markets have been opened up as prices continue to fall. Currently it

is possible to place about 100,000 components on a chip. By the mid-1980s, it is expected that several millions of microscopic components will be placed on chips only the size of a soapflake. Semiconductor makers would then be able to pack the equivalent of the largest computers onto a single chip. Already microprocessors have evolved into a new generation of micro-computers which contain as much memory and processing power on a single

chip as some sophisticated mini-computers hundreds of times larger.

These micro-computers, and the more complex memory chips, are so complicated that they have to be designed with the aid of a computer, processed by computer-controlled equipment and tested by computers. Even the assembly of chips into plastic packages will eventually be done by computer-controlled robots.



will be tin boxes mostly full of air, with just a few integrated circuits in them.

Even now, computers selling for about \$1m can be built from semiconductor components costing around \$100,000. The cost of semiconductors to make 1m units of computer memory (1 megabyte) was about \$32,000 in 1974, \$8,000 in 1977 and will fall to a mere \$500 by 1984, according to Morgan Stanley, the New York analysts.

So far the manufacturers have been largely insulated from these trends by the steady increase in demand as new applications for their products are found in computers, industrial control and the consumer markets. But most of them have already been making efforts to gain direct access to these markets.

### Discrete

National, for example, started in a modest way in 1959 in Danbury, Connecticut, making discrete transistors. It was not until 1966 that the present growth pattern started to be set. Control of the company was acquired by a private financier, Peter Sprague, who brought in Charles Spork as president with a group of key managers from rival firms.

The headquarters moved to Santa Clara, in the now famous "Silicon Valley" area, where Spork imposed his own distinctive management style. None of the senior executives, for example, has an office of his own. All including Spork, sit in a large open plan room, protected from each other and from their secretaries only by movable partitions.

"It is a lot harder work," one manager said, "because if people want to ask a question they just put their heads over the partition and interrupt. But it means we don't have endless committees to decide everything; so National can react very fast. National stops on a dime."

A combination of rapid decision taking, and informality of management style, certainly enabled National to pull up much more sharply than did some of its competitors when semiconductor orders went into a steep dive in mid 1974. Cap-

city was quickly reduced with substantial lay-offs. National was also more agile than most in pulling out of the mass consumer market for calculators and watches, two years later, after Texas Instruments and the Japanese had driven prices into the ground.

The consumer market looked an ideal opportunity in the early 1970s for semiconductor manufacturers to add value to their high technology components. Since their chips constituted by far the most complicated parts of an electronic calculator or a watch, it appeared to be a relatively obvious step to make and market the whole thing.

Moreover, the semiconductor makers needed to be sure of a high volume market to provide the necessary economies of scale in the manufacture of the chips themselves. So National, like Fairchild—another of the top four—invested heavily in manufacturing and marketing of consumer products.

But the market was saturated and in the fierce price war that followed with Texas Instruments and the Japanese, National and Fairchild both sustained heavy losses. Both were left with huge inventories which they could not shift.

The effect on National was extremely serious in 1977, when pre-tax profits were almost halved in just one year. A large part of the company's \$15m fall in profit was attributed to the failure of the consumer operation.

However, by 1978, National had climbed back onto a rising trend, with a pre-tax profit of

\$40.6m on a turnover of almost \$300,000m. Now, the consumer sales have been relegated to a sideline. The company has pulled out of the manufacture of calculators altogether, though it still markets a range of instruments made in Japan. In watches, it is concentrating on the more up-market versions.

Now the main thrust towards diversification is centred on the computer products division.

Mr. Martin says the move into watches and calculators was dictated by basically the same forces as have pushed the company into computer products.

But computers are of course much more sophisticated products requiring a lot of expensive research and development. For this reason, Mr. Martin does not foresee the same dangers of a price war or changes in fashion in customers' demand.

"As chips become more integrated and prices fall, we are faced with the prospect of declining revenues unless we do some basic restructuring to get into the business for systems and end-products."

The move into computers will be much more complicated than the ill-fated attempt to become a force in consumer electronics, but Mr. Martin believes it is also more logical. The next generation of semiconductors will be so complex that the manufacturers will have to build up a substantial capability in computer programming just to produce them. Moreover, the new powerful microcomputers will need to be backed with software developed by the manufacturers.

All the forward momentum

of the industry is therefore carrying semiconductor companies into computer programming and marketing. Most of the major producers, including Intel, Fairchild and Texas Instruments, have now entered the mini-computer market, as a natural progression from microprocessors.

However, National decided on the even bolder strategy of aiming to become a manufacturer of a complete range of computers, from the most powerful mainframes down to the smallest micros.

### Outsmart

The move started in great secrecy in 1975, when National bought a company started by a group of ex-IBM engineers near San Diego. They had set up with a clever idea for building a machine which would be a substitute for one of the medium range IBM machines, but would outsmart it on price and performance. They wanted to emulate the success of Dr. Gene Amdahl, who pioneered a serviceable road in developing IBM imitations or "plug compatible" machines.

National kept its intentions dark for nearly half a year under the cloak of the original company's name "Esysco."

However, by 1976, it had shipped its first system to the computer leasing company Ite (not to be confused with the semiconductor company, Intel) with which it now has an exclusive agreement for marketing machines which emulate the IBM 370-158, one of the medium-range machines.

It has now shipped 180 machines, employs 450 people and, is planning to double the size of its factory this year. Even though National is as yet a greenhorn in the computer market, it has the great advantage of being able to feed its semi-conductor know-how into the design of computers. Thus its ASS machine is 1.5 to two times faster than the IBM equivalent, has 40 per cent fewer components, and is claimed to be more reliable. It runs directly off IBM programmes, so that National is relieved of the large overheads of programme development. It can sell a machine to Ite for probably around \$250,000, compared with the retail price of the equivalent IBM system of around \$1m.

Clearly, therefore, National has a great incentive to take the extra profit available from selling direct to customers. To achieve this, however, a further step in its evolution will be needed. It will have to develop greater software (programming) expertise, a serviceable network and a wider product range. This last is already being attended to. A new small business system based on a micro-computer (System/400) has just been launched, while development work on a computer aimed to match IBM's largest, the 3033, is under way.

National is now spending \$25m a year on research and out of its total R & D budget of \$60m. It believes it is the tenth largest investor in computer research in the U.S. and

in two years' time it is expecting to be spending at the rate of \$50m to \$60m a year. Mr. Martin expects its annual sales of computer systems to have reached \$200m "sometime this year or next."

However, even for a computer company intending to ride on the back of IBM's software, sales of \$200m are relatively small. Mr. Martin believes that in three to five years a minimum turnover of \$400m will be needed to sustain the capital investments which will be needed by then.

"In ten years' time we will be a systems technology company, which also makes semiconductors," Mr. Martin says.

National's strategy for becoming a computer manufacturer is based on the belief that IBM will never be able to make obsolete the huge amount of software which is currently being used on its computers throughout the world. The total value of this software is put at around \$3bn.

As National grows towards its ambition of becoming a diversified \$1bn a year corporation, new management styles will inevitably have to develop. The tight personal style of Mr. Spork is beginning to be relaxed as the divisions take on more complex assignments.

Significantly, the company has recently hired its first vice president, Human Relations, Mr. Roy Brant, who came over from Motorola, a "mature" company which prides itself on personnel policies. Mr. Brant reports direct to Mr. Spork. His appointment seems to show an awareness that \$500m a year turnover is a kind of a landmark. National got there on fast reactions, a ruthless paring of overheads and production efficiency.

For the next phase it will need to take a more leisurely view of the future and to maintain all those intangible corporate strengths like high morale and a good public image—since computer software is essentially labour intensive the company will inevitably become more people oriented. Indeed, National is entering a completely new phase, for in the next decade its main competitor will be the seventh largest corporation in the U.S., the mighty IBM.

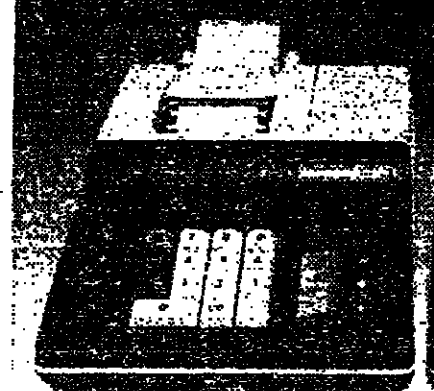
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# Caught up in apron-strings

BY COLIN JONES

IT IS a sad yet illuminating comment on the way we do things in this country that we have still to decide what nationalisation is for. The older state-owned industries have been around for thirty years yet there is no consensus on their role. Should they concentrate exclusively on commercial objectives, or are they there to promote other matters which the government of the day perceives to be in the national interest?

This polarisation of approach is neither false nor academic. A White Paper earlier this year suggested that ministers should have power to issue "specific directions" on matters affecting the national interest, and the Cabinet is now considering whether there is room for such a Bill in the programme for the coming Parliamentary session.

Those who favour specific directions do so for varying reasons. What might be called the interventionist school believe, in the language of the White Paper, that "it is wrong in principle that a minister can be called upon to intervene in specific matters of major importance subject to the approval of Parliament." The neutrals see intervention as inevitable and want to bring it out into the open and so make clearer the respective responsibilities of board and minister.

The anti-interventionists, on the other hand, believe that ministerial intervention should be not only overt but also disciplined. They want boards to have the right to ask for a direction, the statutory instrument embodying it to be subject to an affirmative vote, not merely a negative resolution in Parliament, the cost of the intervention to be mutually agreed, compensation to be paid automatically rather than at ministerial discretion and they want it to be borne on the sponsoring department's vote rather than subsumed in the board's financial target.

## Safeguards

In the industries concerned, opinion is broadly divided between the neutral and anti-interventionists. Some believe that the change would encourage more intervention, unless the safeguards (as to compensation and Parliamentary procedure) were made stronger than those attached to a similar provision in Mr. Wedwood-Benn's stalled Electricity Bill.

Others see a danger in too formal a procedure. It would rarely be used. Ministers would prefer to go on twisting arms in private. There is substance in both reactions, which suggests that the question we really have

to ask ourselves is why do ministers intervene? The formal answer of course is because the boards are responsible to ministers who are accountable to Parliament. But why should the system be arranged as to preserve for ministers the option of having the final say on such matters as investment, technology, prices, organisation, and purchasing? It is not simply because, to cite the White Paper again, the government "must be concerned with the strategic and operational decisions of public industries which are basic to the national economy." There are basic industries which are not nationalised. Nor is it because politicians and civil servants are better at making decisions or are more far seeing.

The answer lies in the way the industries were set up. Herbert Morrison's public corporation could not be given the freedom of a GKN or GEC, or even a BP, Renault, or Renault. It does not compete for capital on the market; it gets it (at subsidised rates) from the Treasury. It cannot go bust or be taken over.

In many cases a ring fence was drawn around an entire industry or service so that within the ring monopoly prevailed. This does not mean that market pressures, from other goods or services or from imports, are lacking. But it does mean that major decisions are centralised—thus increasing the consequences of error. It also means that boards' role as large employers or as suppliers to the final consumer has come to be regarded as politically sensitive.

## Reduced

So long as this is so, Ministers will want to interfere. Specific directions could help to regularise minor issues, like holding up a steel works closure or hastening a power station order. But on the blazer issues, objectives are likely to remain confused and accountability is lacking. Those who believe that the opportunities for intervention should be reduced, who want to see the boards operating exclusively on commercial lines rather than serving the political whim of the moment, and who believe that centralised decision-making can have even more disastrous results when it is politicised, must look first at the way the boards are set up.

This does not necessarily mean that state ownership can never be made to work. In the BP (and also in the RPI) case, it might be made to work. In the "public corporation" solution, business decisions will invariably be caught up in the politicians' apron-strings.

# Maid and Canyon set strong challenge for U.S. prizes

ENGLISH RAIDERS have had a comparatively lean time of late in the United States, but it is not beyond the realms of possibility that two of that country's big prizes, the Washington DC International and the Colonial Cup, will fall to our challengers in the next few weeks.

Swiss Maid, the not altogether unexpected winner of the Champion Stakes, will almost certainly bid to extend her winning sequence to five in the Laurel race and Grand Canyon will definitely be saddled for the Colonial Cup at Camden. Both should run really well.

The Welsh Paganist filly Swiss Maid has improved by leaps and bounds since mid-season, and a quick glance at the form book will tell anyone fairly accurately by just how much. All out to beat Spring in Deepsa by three-quarters of a length when receiving 10 lb in Kempton's Twickenham Stakes only eight weeks ago, Swiss Maid proved that

herself more than a match for his legs stood up to the necessary preparation for such an exciting task.

He will have one preliminary race (not yet decided upon) and will probably be ridden by his intended Camden pilot, former champion Ron Barry.

The final figures for Newmarket's Hawthorn yearling sales showed that 464 yearlings changed hands for almost exactly £10m. The average per lot—21,211 gns—showed an increase of 49 per cent on a year ago and the aggregate was up by nearly as much.

Incidentally, for anyone still reeling under the impact of some of the figures there, it is worth remembering that the comparable sale in the U.S., the Keeneland July, produced an average of over \$120,000 per lot; and recent Federal Government figures estimate investment for the U.S. in bloodstock, studs and race tracks at approximately \$8bn.

**SANDOWN**  
1.30—La Don  
2.00—Red Refus\*\*\*  
2.35—Connors  
3.10—Taffy  
3.40—Nicotelle\*\*  
4.10—Rectitude\*

**LONDON**  
9.20 am Schools Programmes  
12.00 Chorton and the Whistles  
12.10 pm Stepping Stones. 12.30 Treasures in Store. 1.00 News  
1.10 pm FT Index. 1.20 Thames News  
1.30 Crown Court. 2.00 After  
2.00 News. 2.10 News. 2.20 News  
2.30 News. 2.40 News. 2.50 News  
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## Lawrence Foster

by RONALD CRICHTON

Memory insists that when the First Symphony of Shostakovich first became familiar through the pre-war Stokowski recording, the impression, though considerably less than that of the more recent recordings, was cool, deep, melancholy and wryly playful, half-inconspicuous, half-inconspicuous. It was a smile now and then, but a thin one. Experience was objectively recorded, at a slight distance. Perhaps a live performance under Shostakovich would have had a different effect, yet those records worked powerfully on their own terms and they left their mark.

The performance by Lawrence Foster and the London Symphony Orchestra which filled the second half of their Sunday night concert did leave a different impression. It seemed, by comparison with those earlier memories, much more subjective. The music (except perhaps for the last movement, which did hang together) will stand up, yet one suspected that insight, with knowledge of the composer's Shostakovich, as to write, where things, oints of colour and transparent

Purcell Room

## Donizetti da Camera

by ELIZABETH FORBES

Donizetti wrote a large amount of chamber music, but most of it dates from his apprenticeship years, when the composer was in his teens and early twenties. Later, of course, the opera house aimed his full attention, and there was rarely time for anything else apart from a certain amount of non-theatrical vocal music. Sunday night's concert in the Purcell Room, presented by the Donizetti Society and given by Redbridge Young Musicians, included a string quartet, No. 5 E minor, which is a respectable attempt at the form, as one could expect from the pen of a pupil of Giovanni Simone Mayr, which has little individually apart from the melodic line usually given to the first violin. Much more interesting and original are a sonata in C for flute and piano, and a sonata in G for flute and harp. All these short, two-movement works are admirably written for the respective wind instruments, and are the dialogue for flute and harp has both invention and elegance. Even finer, the trio in flute, bassoon and piano which begins in Italy on August 8, in 11 days the orchestra will play in eight countries. The 120-strong orchestra will assemble briefly in early summer

### IBM to sponsor European Community Youth Orchestra

IBM is to sponsor the European Community Youth Orchestra for its 1979 tour of Europe which will include major summer music festivals. The orchestra, which made its debut this Easter, played at eight of the nine EEC capitals. A Lullaby for soprano and a Neapolitan song for baritone, though conventional, have the authentic and unmistakable style of the composer. A drinking song from Byron's *Corair* for soloists and male chorus is little more than an oddity, while a women's chorus from the cantata *Il Fausto ritorno* lacks particular interest, but an *Aria* for soprano (Julia Wilson), chorus and strong sex-tet does contain some excellent ideas. The performers, former present students at Redbridge Music School, plus members of the teaching staff, were well rehearsed. Roderick Elms, who accompanied the songs and played the piano parts in the sonatas and trios, deserves special mention.

## Waddington & Tooth

## Ben Nicholson's recent work

by WILLIAM PACKER

A Ben Nicholson exhibition is always an important event, especially so within the narrower context of the British art world that he has bestride for so long, and a show of new work that fills the walls of perhaps our most energetic dealer in contemporary art cannot be noticed. The fact, too, that a most senior and distinguished painter should remain so conspicuously active at the age of 84 provides an inspiring example. But the very knowledge and recognition of a long lifetime of achievement also impose upon us a certain obligation to take the work seriously, whenever it was done, and to judge it by the highest standards. Indeed, that the artist has both worked to, and helped to establish, the work is the work, and the sentiment and human interest, no matter how naturally and understandably obvious they may be, should never be indulged to blur the issue, and allowed to excuse the second-best.

The show now at Waddington and Tooth (until November 4) is utterly fascinating, but it is equally and worryingly disappointing, not least for the insidious double-standard it so innocently and disarmingly appears to live by: a Ben Nicholson, it would seem, is a Ben Nicholson, and above criticism. It is a hard thing to say of an old man's work, and it is precisely because it has been so good in the past, even into the very recent past, that we must be so firm. But these last drawings simply are not very good, certainly not as good as we had hoped they might be, and the circumstances of the show inevitably suggest they are. The line is now weak, the imagery is curious and sad pastiche of old success, the edge has gone from that consummate, particular style. With less gifted and important artist we could afford to be more generous.



Ben Nicholson's 'Still Life with Purple and Venetian Red'

lately has been demonstrably true and perfectly reasonable, when these things do at last begin to go wrong, the work can only fail. The drawings that make up the substance of this show are small, some tiny. Apart from two or three made in Italy a few years ago, and a handful made last year in the north of England—

upon another, with abstraction improvised upon the shapes they make together; and the few landscapes here are of the kind that came out of Cornwall some 40 years ago, the simple blocks of cliff and hillside mapped out against the sweep of the sea and sky.

Nicholson has made such things many times before, but there is no sense that demands something fresh, every time: indeed what is different now is what is to be regretted. He has worked these drawings with a fibre pen, an unforgiving tool that exacts the stiff price of sensitivity and subtlety for its own undeniable speed and convenience. They are presented preciously, and most effectively, the paper curling away nicely from the mount, showing off the clean curves where each page has been knifed freely from the block; but the images thus carried are now crude and arbitrary, at best decorative repetition of a tested and now easy formula. The line has lost its fine and crisp authority, and the once so delicate smears and washes of colour have become sad and desperate scrubs and blots.

The best things to be seen are some half-dozen of the shallow relief, again a strain in his work that has continued since well before the war, and which constitutes in some eyes his most significant personal achievement. They are all commanding works, and all mark within these past few years, and tacitly they rebuke the bright graphics that share the room. Only in the shortest term, however, is an artist only as good as his latest work. It may be that we see the best of his work, but in time that memory will become unimportant. The pity is that such a show as this need not have happened; without it this commentary would be unnecessary.



Rachel Cook, Thomas Lawlor and Judith Rees in 'Cinderella'

### Sadler's Wells

## Cinderella by NICHOLAS KENYON

No not the Wells Christmas male voices. The grand ball is said, by "Women's Project 78" Panto. This is Rossini's La Cenerentola translated with Gillbert and Sullivan, who pull all the strings in this absurd little story the 1976 production by Colin Graham which has turned out to be the English Music Theatre's most reliably enjoyable presentation. This comic melodrama has been seen in each of the company's three seasons, and in the latest revival (directed by David Walsh) the cast is exceptionally strong, the acting is lively, and only the orchestral and visual aspects, particularly Roger Butler's white revolving wedding-cake of a set—seem a little loose at the joints.

In Rossini, intensity of feeling and uprightness of character are in direct proportion to elaborateness of vocal coloratura; so in this respect it is appropriate that the heroine should outshine everyone with the warmth, feeling and sensational brilliance of her singing. Clearly born to be a Princess, she is a model of cast-down dignity when faced with the pretentious posturings of her step-sisters (Judith Rees and Rachel Cook, Bitchy but not, in this version, especially Ugly) and the blustering drunkenness of Don Magnifico (a performance of splendidly sustained venom and unctuousness by Thomas Lawlor).

Similarly, no one could be fooled by the attempts of Dandini (a baggishly pre-Raphaelite Russell Smythe at princely impersonation: Ian Caley's Don Ramiro reveals his true colours in his first flood of emotional semiquavers. It is quite wrong to let him embrace Cinderella at the first meeting: there is precious little tension and uncertainty in this cheerful opera, and the resolution should not be so obvious in the middle of Act 1. But Mr. Caley matches the strength and clear articulation of his beloved's singing, though it is in the central cantilena of his big aria that he makes the finest sound. Donald Stephenson playing the Prince's Tutor disguised as a beggar, has every hair almost as neatly in place as Robert Powell did as Zeffirelli's Christ, and attendants are an unconvincingly bland collection of

### Elizabeth Hall

## Radu Lupu

by DOMINIC GILL

Radu Lupu's Schubert recital on Sunday, his first solo recital appearance in London for a long time, was the first of a cycle of six between now and December 14 embracing not only all of the piano sonatas which Schubert completed, but also all those he left unfinished with a complete first movement, or left so nearly complete that the missing bars can be supplied with little controversy—in effect 20 of Schubert's 23 sonata projects listed in total by Maurice Brown.

The performances showed little sign of the affectation which had sometimes marked Lupu's playing—particularly his Schubert playing—in the years after his success at Leeds in 1968: the sugared rubato, the sudden dying-away at the ends of phrases, the deathly-sweet triplets, the soft, cooing triplets. On the contrary, the greatest and best-known sonata in his programme, the A minor D784 of 1823, how to explain, in the first movement, his curious avoidance of all of the broadest contrasts, and his nonchalant treatment of most of the clearly-marked dynamic accents which give spring and variety to the rhythms? And how indeed is it possible for a committed Schubertian to allow so small a difference (and sometimes no difference at all) between the wonderful and ubiquitous contrasts of plain piano and ppp *crescendo*? It will be interesting to see how Lupu scales the heights of the later sonatas in his ambitious series.

### Camden Jazz Week at the Round House

The Camden Jazz Week will be held from October 30 to November 4 at the Round House, Chalk Farm and will feature a mixture of British and American musicians.

On opening night there will be the London Jazz Big Band, the Humphrey Lyttelton band and Wild Bill Davidson's All Stars.

Tuesday evening will be devoted entirely to the Mike Gibbs orchestra, a concert which is part of its tour for the Contemporary Music Network.

The National Youth Jazz Orchestra and the Bebop Pre-Jazz Orchestra will be the Jazz Centre Society.

### Heather Harper

Soprano Heather Harper, who was born in Belfast, will appear at her first public concert in the city for many years next month. She will be singing at the 16th Belfast Festival which runs from November 2-5.

Her concert will be at Queen's University on November 15. She will be accompanied by the RTE Symphony Orchestra which is making its first public appearance in Belfast since the Ulster troubles started.

Dublin-born jazz guitarist Louis Stewart will also appear with the Ronnie Scott group during the festival.

### Opera

Editor: Harold Rosenthal  
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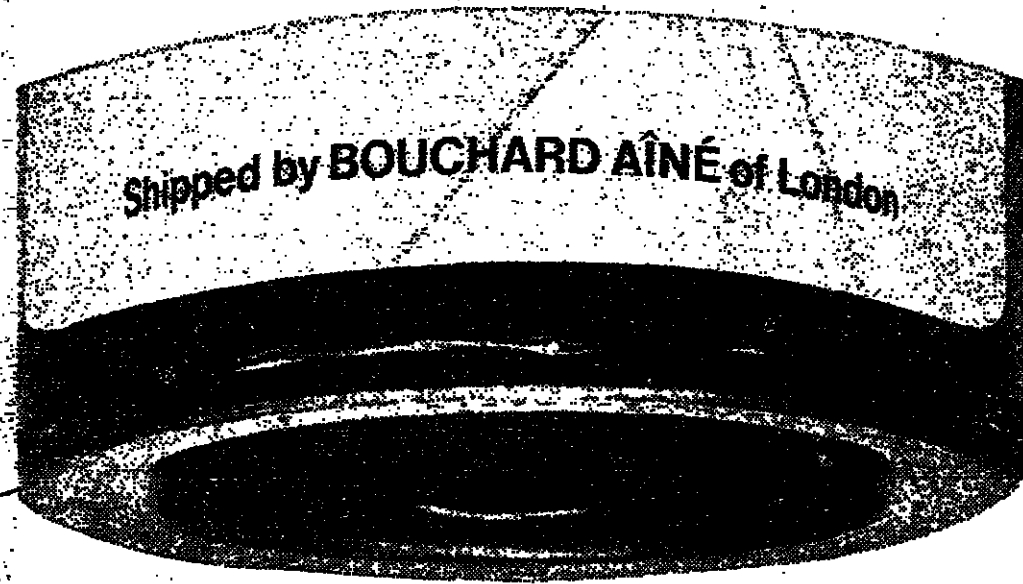


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Tuesday October 24 1978

# Not much time for Leyland

MR. MICHAEL EDWARDES, change of attitude on the part of shop stewards and employees. At the same time the management is determined to tackle over-manning. According to some estimates, the company is staffed up to produce well over 1m vehicles a year when its realistic output level is no more than 800,000 vehicles. More redundancies and probably some plant closures are unavoidable. If these problems of over-manning and low productivity can be approached on an agreed basis, without provoking another serious strike, then there is just a chance that the company can survive. There is no reason in principle why a company making 800,000 vehicles a year cannot be viable, provided it makes them efficiently.

There is obviously a question mark over whether BL, with its somewhat ageing range of models, can retain its present share of the market in the period before the new Mini and later the Allegro/Marina replacement become available. Much will depend on the company's ability to upgrade the quality of the cars it is now producing and thus overcome the reputation they have acquired for unreliability. These are internal weaknesses which must be put right irrespective of any possible collaboration with other companies. Such collaboration might well have advantages, particularly in sharing the cost of major investment projects, but it will not itself ensure BL's survival.

## Realistic

Mr. Edwards has shown, in the closure of Speke and in the cancellation of investment at Bathgate, that he does not make idle threats; he is prepared to take drastic action when the circumstances require it. He and his senior managers have a clear idea of what needs to be done if BL is to survive in anything like its present form; the week-end meeting marked another attempt to persuade trade union leaders to take an equally realistic view of the company's present situation.

BL has many other problems besides industrial relations, but Mr. Edwards is surely right in thinking that radical improvement in this area is a necessary condition for restoring the company to viability. That is why he is devoting so much attention to devising an incentive scheme which will, among other things, discourage unauthorised stoppages. The hope is that a financial reward for higher output, coupled with a general awareness of what will happen to the company if higher output is not achieved, will elicit a

# Keeping watch on education

THE GOVERNMENT'S recommendations for a new, single 16-plus examination in England and Wales differ in important respects from the proposals to the same end put forward two years ago by the Schools Council, under strong pressure from the schoolteachers' unions. The Council wished the new exam, intended to replace the present dual system of GCSE Ordinary levels and the less academic Certificate of Secondary Education, to be teacher-controlled—a scheme which alarmed the Confederation of British Industry's, then, sole representative among the Council's 77 governors.

## Revamped

Sensibly Mrs. Shirley Williams, Secretary for Education and Science, refused to hand control of the nation's major school-leaving exam to the schoolteachers' interests. She had the proposals revamped by a committee headed by Sir James Waddell which included representatives of employers, trades unions, parents, local education authorities, universities, and colleges as well as members from schools. As a result, yesterday's White Paper (which will not be available to the public until the Stationery Office dispute is settled) recommends that all the above interests should take part in overseeing the—probably—five Boards administering the new exam which Mrs. Williams hopes will be introduced in schools about 1985. Moreover the same mixture of suppliers' and consumers' interests, none of them having a majority, would have charge of a central committee to be established to monitor and co-ordinate the standards and other arrangements adopted by the individual examining Boards.

The offer of shared and strengthened control over standards, coupled with provisions for additional or even separate papers to be taken by candidates of high academic ability, have failed to gain the support of the Conservatives, who have promised to put forward their own proposals on Thursday. As Mrs. Williams was quick to point out, however, the White Paper scheme has the backing of the main local authority associations, both now under Conservative control and

one of which believes that educational standards will be improved by the change. The CBI's position on the issue seems to be somewhere between. It accepts the proposals for the single exam in principle, but means to keep close watch over their translation into practice.

Of these positions, the CBI's seems the wisest. A single 16-plus offers administrative advantages, especially as the declining birth-rate will sharply reduce the number of children in the schools. The change also offers educational benefits, not least in relieving the burden of examining on the numerous borderline pupils who are now entered for both Ordinary level and CSE. But these advantages would turn to dust if the change had an adverse effect on children's educational attainments, particularly in the basic skills of literacy and numeracy. The improvement of educational standards is of paramount importance.

## Standards

Neither the present nor the proposed examinations directly guarantee standards. But standards can be crucially affected indirectly by the examinations' influence on teaching practices in the schools. The change from School Certificate to Ordinary level has doubtless encouraged youngsters to concentrate on either all literary or all numerate subjects from an early age. The introduction of CSE has allowed schools to enter children for this easier option rather than invest increased teaching effort so as to fit them for O level. And whatever the potential blessings of the White Paper proposals, they do not rule out the possibility of the single examinations further encouraging the spread of mixed-ability teaching, with its generally levelling-down effect on pupils' attainments.

It is therefore vital that those controlling interests—especially those on the consumers' side—should keep continuous and distinctively sceptical watch on the new examination. Should the controllers cease to have sound reasons for thinking that the change will have positively beneficial effects on educational standards, the scheme must be abandoned.

# The businessman returns to favour in Washington

BY STEWART FLEMING, New York Correspondent

BUSINESS LEADERS in the U.S. are congratulating themselves on the transformation of their political fortunes in the past two years. One of the last acts of Congress before adjourning for the elections was to pass a \$18.7bn tax package which makes major concessions to the large American corporation. The concessions had perhaps even more symbolic than practical significance, for they represented a widening acceptance of basic positions which business has taken on issues like capital formation, productivity, and export promotion.

The tax breaks were only the culmination of a succession of far-reaching legislative victories for business. Organised labour's attempts to maintain its powers by securing new picketing laws and a reform of labour law were thwarted. Attempts by consumerists to legislate the creation of a consumer protection agency were blocked by business lobbying.

The range and sophistication of business's public campaigns in the past two years have been remarkable. After more than a decade on the defensive, business senses a favourable shift of public and political opinion. As Mr. Irving Shapiro, chairman of the country's largest chemical concern, du Pont, put it in an interview with the Financial Times, "all the trends are moving in the right direction." His ability to make such a judgment after almost two years during which the White House has been in the hands of a supposedly populist Democratic president, Mr. Jimmy Carter, is a measure of the distance that has been travelled.

Three or four years ago the reputation of the giant U.S. corporations had been shattered by revelations that over 300 large companies had made either questionable payments (often bribes) abroad, or down-right illegal political contributions at home. Executives had watched impotently for years as consumerists, environmentalists and egalitarians poured onto the statute book new regulations to control corporate enterprise. They had been shaken by a paralysing recession in the course of which major oil companies were accused of exploiting the Arab embargo for their own profit.

It seemed that the business corporation was in danger of becoming an outcast in a country which business leaders believed they had helped to create. As the head of a giant oil company put it, "discontinuing two years ago, 'we could use some friends in Washington.' As recently as early this year business leaders were still complaining that they were not getting a proper hearing on economic policy at the White House.

In sharp contrast, at a meeting of the Business Council in



Top men with easy access to the corridors of power: (from left to right) Mr. E. M. de Windt, chairman of Eaton; Mr. Frank T. Cary, chairman and chief executive of IBM; Mr. Irving Shapiro, chairman and chief executive, du Pont.



mid-October Mr. Reginald Jones, chief executive of General Electric (GE), could say that "business and this Administration are working much more closely together now than they were even a year or 18 months ago." Mr. John Debutts, chairman of American Telephone and Telegraph, another of the men active in the business council, clipped in: "I think we are going down the same track together."

It would be too easy to assume either that the track is the right one or that the apparent shift of political mood towards business is permanent. American opinion can be confusingly volatile. It is true, too, that one of the reasons why the recovery of corporate America's fortunes appears so marked is simply that previously they had sunk so low.

There are enough clouds on the horizon to make all but the most blindly optimistic chief executive pause. The tax bill with its breaks for business could help to fan the inflation which men like Mr. Walter Wriston, chairman of Citibank, says will probably tip the economy into recession in 1980. The resulting tensions could bring business into conflict again with both Government and an impatient public.

The politically sophisticated men who have helped to chart the political strategy of business, Mr. Shapiro and Mr. Jones in particular, know how easily they can be cut out of some political processes. Mr. Shapiro, commenting on the long debate of the tax bill, describes the relationship between the Government and business on those issues as conversational and factual. But of the announce-

ment by the Administration of a new anti-inflation programme today, probably to include wage price guidelines, Mr. Shapiro says: "We were not asked what the policy should be. We were told what the programme was and told we could comment on it."

Having stated these qualifications, it would however be foolish to consider ephemeral the improving political fortunes of business. They are the product not merely of good luck, but also of careful planning and skilful work.

Its beginning may, perhaps, be placed at the start of the decade when the more politically astute senior executives of large companies became anxious about the climate in which they were operating. Mr. E. M. de Windt, chairman of Eaton, says it was realised in the business world that it was "allowing Ralph Nader (the consumer advocate) and George Meany (the trade union leader) to talk for us." He adds that he and others were afraid at the time that business might be heading for the same degree of government intervention which, he says, has been seen in Britain. That is a recurrent nightmare of many American executives.

Large companies responded by organising. A key event was the formation in 1972 (in the midst of the Nixon price controls) to form the business Roundtable. The Roundtable has developed into the most vigorous lobbying organisation for business corporations in Washington and the country.

In part its success stems from its membership. Only the heads of around 200 of the largest U.S. companies are members and they join in their own names

Besides Mr. Shapiro (until earlier this year chairman) and Mr. Jones, the list includes Mr. Tom Murphy of General Motors, Mr. Walter Wriston of Citibank, Mr. Clifton Garvin of Exxon, Mr. Frank Cary of IBM, and so on. When he was at Bendix Mr. Michael Blumenthal, now Secretary of the Treasury, belonged, and so did Mr. William Miller, now chairman of the Federal Reserve board.

In the past six years these men have put their personal influence into conducting investigations into issues, establishing policies, and lobbying both the Congress and the White House, at times in person (since such men get access to the corridors of power readily), or by enlisting other top executives.

The Roundtable took the lead towards finding a compromise last year on the issue of Arab boycott legislation. That compromise Mr. Shapiro now claims made a contribution to the climate which led to the Camp David agreement by preventing the boycott issue becoming another thorn in the side of either Saudi Arabia, or of Israel and the Jewish lobby in Washington.

The Roundtable is only one example of the growing involvement of the business community in national and community affairs, an involvement which Mr. Shapiro says recognises the "quasi-public role" large corporations must now play. The scale shown by a recent estimate published in Fortune magazine that whereas 10 years ago about 100 companies had lobbyists in Washington, the figure now is nearer 500.

Another source of growing corporate political influence was born two years ago when, with the enthusiastic support of

business and labour, the Congress amended the Federal Election Campaign Act to out a middle of the road course, allow companies (as well as others) to set up political action committees (PACs) to solve problems. These voluntary groups raise funds from donations, which they can then give to politicians. Direct contributions by corporations have long been outlawed, and after the scandals as incomes eroded by inflation but companies are not taking any bigger chunk of real income, business is capitalising on that mood. There is virtually unanimous agreement in the media that Washington's budget deficits are the principal source of PACs, inflation—a message business Labour has 257. At Eaton, Mr. de Windt says the company's PAC (limited to a few hundred management personnel), raised \$100,000 in its first year of operation. It has a slogan: "Get into politics or get out of business."

Organisation and hard work are only one part of the effort which has helped to raise the fortunes of the business community. Under its more politically aware new leaders business has also been able more fully to exploit and influence a change of political mood. Some place the beginning of this change earlier this year when Californian voters registered their dislike of mounting state taxes (and by implication soaring government expenditure) by voting for Proposition 13, which sharply cut property taxes in the state. But Mr. Shapiro says that in his view the election of President Carter was the real turning point because the platform he was elected on was anti-government and anti-establishment.

He says that the public at large has begun to express itself on political issues, is staking out a middle of the road course, and is wary of liberals because they "shovel money out" to try to solve problems. Recent primary elections have suggested that the public is picking on government, not business, and in particular taxes and government spending, as its whipping boy. With real incomes eroded by inflation but business is capitalising on that mood. There is virtually unanimous agreement in the media that Washington's budget deficits are the principal source of PACs, inflation—a message business Labour has 257. At Eaton, Mr. de Windt says the company's PAC (limited to a few hundred management personnel), raised \$100,000 in its first year of operation. It has a slogan: "Get into politics or get out of business."

# MEN AND MATTERS

## The church breaks the rules

The car workers are huffing and puffing. The men at British Oxygen fill the air with demands for wage increases which would breach the Government's cherished norms. But the winners in the race to make Phase Four into the Phase that never was are those far-from-militant workers, the clergy.

From next April the basic minimum for vicars is to be increased from its present level of £2,800-3,300 to £3,500-3,800, a 25 per cent rise. Paul Osmond, secretary to the Church Commissioners, said that in a few cases the increase would only be to £3,300 but he accepted that the basic rates, were being increased far above the Government's guidelines. The increase is nearly 21 per cent.

The Department of Employment tells me that on the face of it the clergy cannot be considered a special case. When I asked Osmond if the Commissioners were claiming increased productivity he argued that there had been a parochial reorganisation and that the number of clergy is falling. But he added: "Most important, clergy were not that well paid in 1970 and since then by any criteria their relative position has worsened."

Osmond was not convinced that increasing unionisation would help the clergy improve their lot.

Recently, however, a number of vicars who think otherwise met with officials at the Association of Scientific, Technical and Managerial Staffs to discuss how to preach the union gospel.

One of their spokesmen, the Reverend Neil Richardson, complained at low wages and poor job security. Asked if his members would consider picketing churches Richardson commented ironically that if they stopped delivering sermons they might even fill the churches

again. The ASTMS claims to have recruited around 100 vicars and the Association of the Clergy reportedly has a similar number of members. But the clergy of England has no less than 10,000 members — which only seems to show that Osmond is at present correct in his surprising claim that "the great majority of our members feel that unionism is not the right way."

As the nights draw in one's thoughts turn naturally to Christmas presents, a troubled question, especially for members of the jet set who have every thing they could possibly want, and therefore settle—usually—for things they could not possibly want.

But now, as if in answer to a prayer, Men and Matters suggests the perfect Christmas gift for the man who has everything else—bullet-proof windows throughout the house. This at least is the present an anonymous Saudi millionaire has chosen for himself. At a cost of £30,000 he will in future feel far safer looking out on the view from his Mayfair home, his person guarded by expanses of laminated polycarbonate sheet called Lexgard. Lexgard is apparently four thicknesses of Lexan, the material from which U.S. astronauts' visors are made.

The contract to reglaze the Saudi's London home has been secured by UBM Hils Glass of Nottingham, and is believed to be the first of its kind in Britain; hardly surprising in view of the price of £32 a square foot. Made in the U.S. Lexgard is distributed in Britain by Engineering Polymers, Regional sales manager Michael Scott says that, apart from the splintering or shattering, the all-plastic material has another major advantage, its lightness. "There was a case in Ireland," he tells me, "where one of the custom car firms was using two-

inch thick glass in the windows. The hinges couldn't take the weight. When the doors were slammed they fell off."

## Korchnoi complaint

"I hear they had the Office of Fair Trading round to complain about them using Korchnoi's name to promote it," the chess ace, William Hartston, murmured to me over lunch yesterday.

As a parting shot, delivered before he flew to Buenos Aires for the World Chess Olympiad, it had its points. At stake is the success of Hartston's The Battle of Baginjo City, his account of the Karpov-Korchnoi match. It is competing in a tight field with two other instant books, one of them by his long-time rival the grandmaster Raymond Keene, who was also Korchnoi's second. Keene's book, at one stage, was to be "co-authored"—not my expression—by Korchnoi himself and the interest of the Office of Fair Trading was aroused because publicity had been generated on this basis.

But in the interim Korchnoi withdrew permission to name him as a joint-author. "Yes we did have a chap come round, cap in hand, to say he'd a complaint... I suspect it was probably one of our competitors trying to stir up trouble," says the book's editor, Peter Kemmis-Betty, managing director of Batsford.

Korchnoi withdrew, I am told, for no more colourful reason than that he plans to write a book of his own.

registry office has a thick volume of non-ridiculous names and will help all parents pick a suitable one for their child.

Not every parent agrees, however. Some still try to register their offspring as Lucifer, Goggle, Black or White or, one of the most famous in the history of Brazil's odd names, Pepsi Cola Coca Cola Beer de Oliveira.

Anxious to preserve the nomenclature heritage of Brazil, a lawyer, Sr. Itamar Espinola, spent five years digging into libraries, registry office files, official bulletins and other such illuminating documents. He came up with a collection that is still a best seller. His finds, translated into English, include: Atlantic Ocean Linhares (a Bank of Brazil official); the brothers National Future Provisional and Northern Provisional; Anthony Premature Calf (a social welfare doctor); Agricultural Beet-root Sand Laion; Petronius Arbiter of Elegance; Tame Peaceful Poor Lamb de Oliveira Restful; and most unfortunate of all, Cardiac Arrest da Silva (a municipal tax collector).

Perhaps even more striking is the name Pafia Pafia Pafia Pafia da Costa (of the coast), demonstrating the zeal of some parent to prove he or she could get through all the vowels of the alphabet and make sure Pafia etc remembered them.

A colleague tells me his son has been showing distinct linguistic talents. During his second lesson he successfully translated into French "Come over here." "Venez ici," he said. "And how would you say 'Go over there'?" asked the teacher encouragingly. "I would go over there," replied the youth, then I would say "Venez ici!"

French detour

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**Pafia Pafia**

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cables and they can crowd out the conversations which might be carried.

Fortunately, STC's initiative led to the development of optical fibre communication. This means that the capacity for signals of any kind is increased by tens of thousands.

Instead of the traditional copper cable, the 'wire' along which signals pass is a hair-thin optical fibre (think of it as a thread of glass), so transparent that looking through a mile-thick pane of it would be virtually like looking through an open window.

And all the signals transmitted are carried by lightwaves generated by miniature lasers.

The theory is simple: the capacity of a carrier wave is related to its frequency. And the frequency of light is many thousand times that of radio waves.

What is not so simple is the development of lasers able to operate efficiently without attention for the lifetime of the system. And also the development of light-guiding fibre to take the signal from transmitter to receiver without significant loss of quality, no matter how many twists and turns the glass cable goes through. Building these fibres into a cable and transforming the 'glass' into something tough and flexible, was not so simple either.

So STC, as well as originating the concept and making it work, built its own optical fibre and optical cable manufacturing plant.

And this is why, with the full co-operation and assistance of the British Post Office, STC installed the world's first high capacity, long-distance

optical communications system for a field demonstration between Hitchin and Stevenage, in Hertfordshire.

And why we believe, in all due modesty, this technology will prove to be one of the most significant developments in the history of telecommunications.

And why the initiative shown by STC in its development will not stop at optical fibre communications.

STC is, as we said earlier, in the business of helping people communicate.

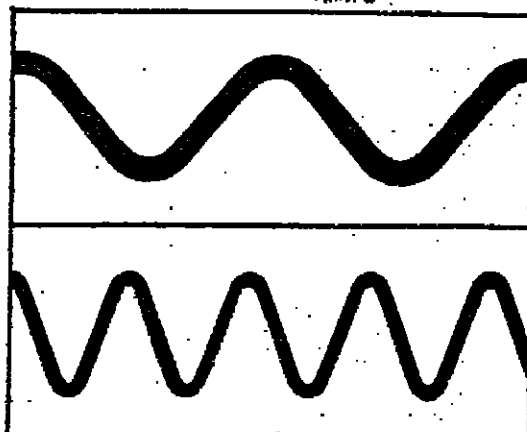
Some of the other ways in which we do this are described over the page.



STC optical fibre cable can use existing cable ducts. So there's no need to dig up streets and lanes and hedgerows.



STC did not stop at the optical fibre communication concept—STC also made it work. A pilot production line at the laboratories led to the building of a full-scale fibre and cable production plant.

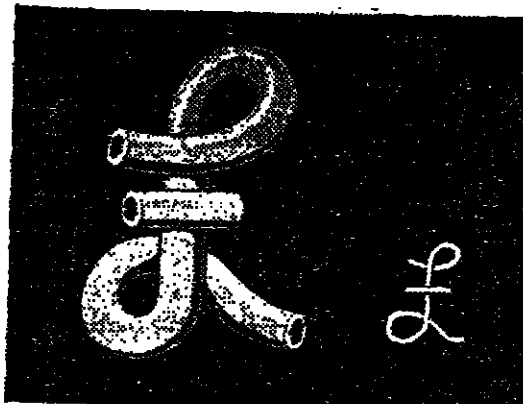


Top: a radio wave. Bottom: a light wave. Think of every wave as carrying the same number of telephone calls, or television programmes, or computer data. Clearly waves which are closer together have a higher frequency and add up to more signals than those further apart.

Think of the white line as STC's optical fibre cable — carrying the same number of telephone

*Johnnie Walker*

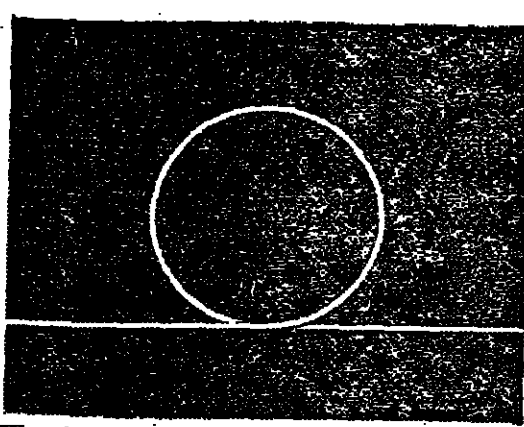




**Cheaper**

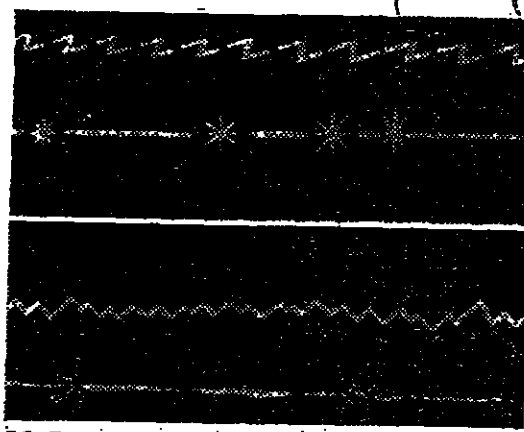
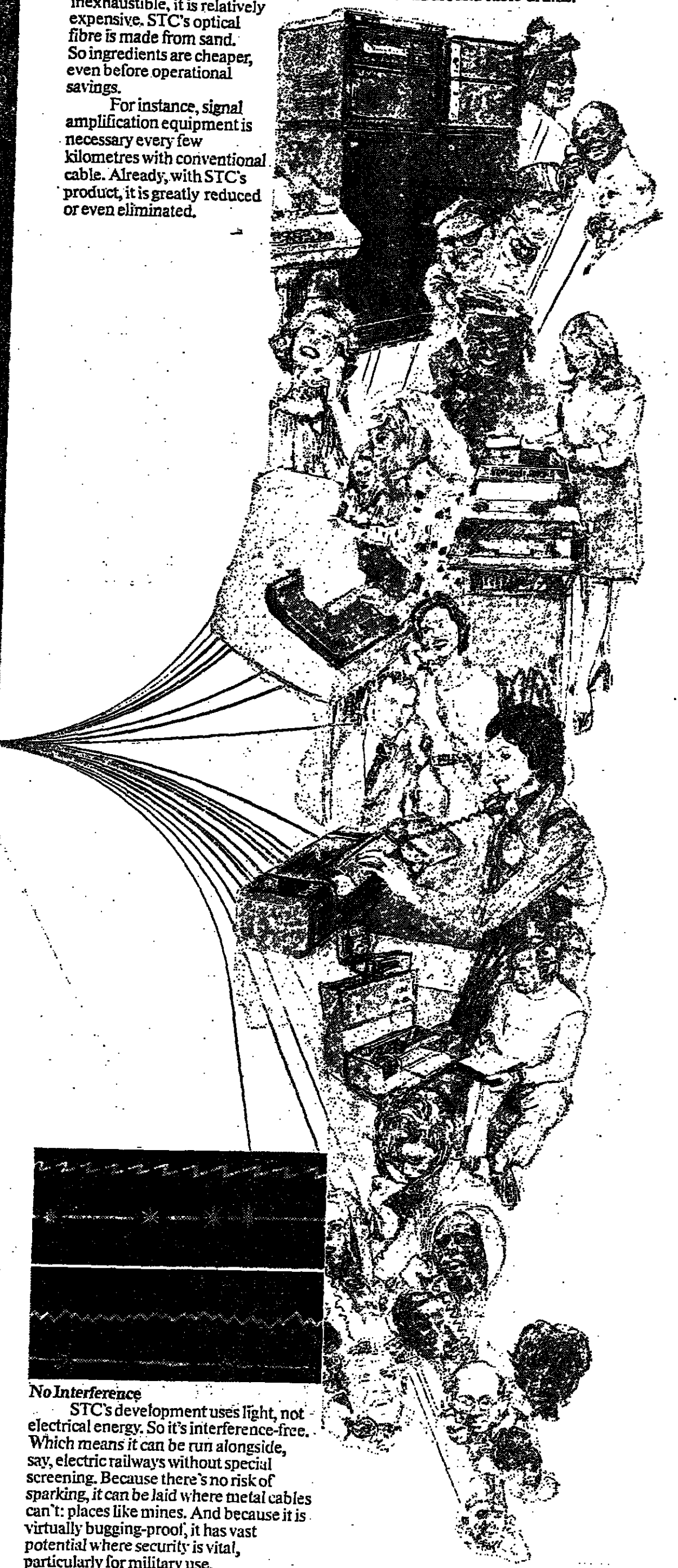
Conventional cable is largely copper. Because of the costs of mining and processing and because it is by no means inexhaustible, it is relatively expensive. STC's optical fibre is made from sand. So ingredients are cheaper, even before operational savings.

For instance, signal amplification equipment is necessary every few kilometres with conventional cable. Already, with STC's product, it is greatly reduced or even eliminated.



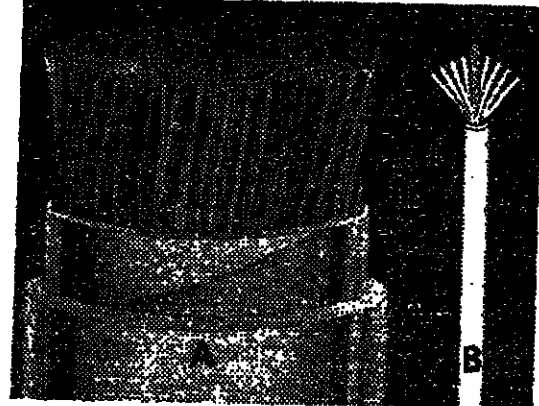
**Flexible**

The last thing you'd expect 'glass' to be is flexible, but optical fibre cable can be wound around cable-drums.



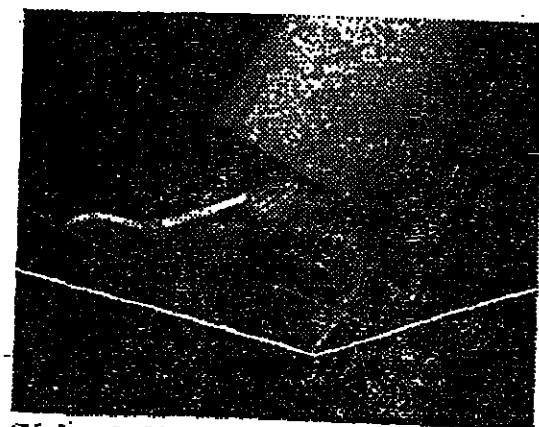
**No Interference**

STC's development uses light, not electrical energy. So it's interference-free. Which means it can be run alongside, say, electric railways without special screening. Because there's no risk of sparking, it can be laid where metal cables can't: places like mines. And because it is virtually bugging-proof, it has vast potential where security is vital, particularly for military use.



**Greater Capacity**

Cable A is conventional. Cable B uses STC's optical fibres to carry the same number of telephone conversations, television signals, and computer data.



**'Unbreakable'**

Perhaps 'unbreakable' glass is just as surprising as flexible glass. STC's optical fibre is comparatively stronger than steel.

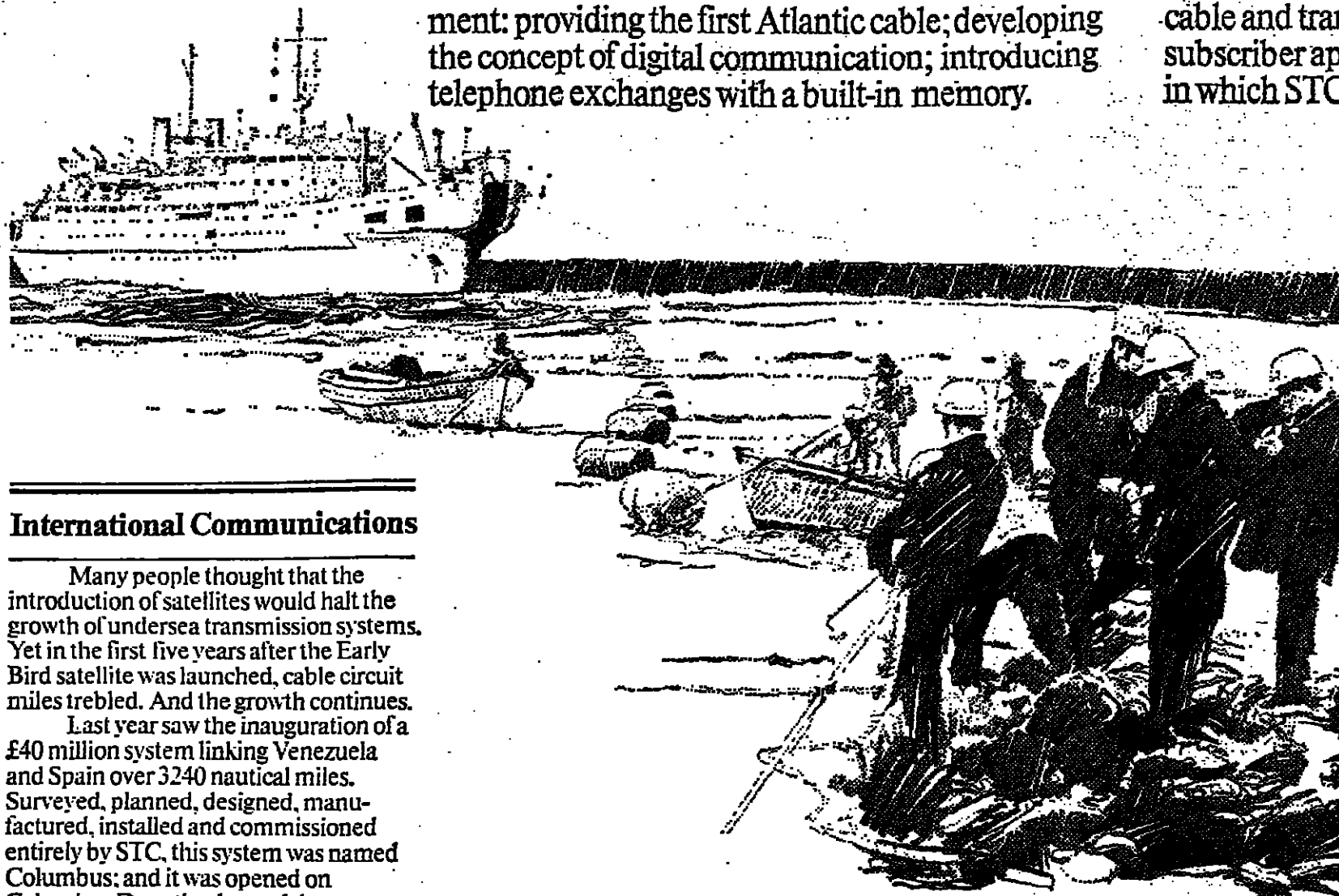
conversations a comparable conventional system would require a cable the thickness of the dark area.



# STC. Helping people communicate in many ways.

Originating, developing and making optical fibre and cable to transmit messages by light is just one example of STC's innovative skills. Standard Telephones and Cables Limited has always been in the forefront of telecommunications development: providing the first Atlantic cable; developing the concept of digital communication; introducing telephone exchanges with a built-in memory.

Though STC divisions share the common background of telecommunications and electronics, each is a specialist: hydrospace, undersea cable systems; marine radio and electronics; telephone exchange switching; local, long distance and international cable and transmission systems; and advanced subscriber apparatus are some of the business areas in which STC helps people communicate.



## International Communications

Many people thought that the introduction of satellites would halt the growth of undersea transmission systems. Yet in the first five years after the Early Bird satellite was launched, cable circuit miles trebled. And the growth continues.

Last year saw the inauguration of a £40 million system linking Venezuela and Spain over 3240 nautical miles. Surveyed, planned, designed, manufactured, installed and commissioned entirely by STC, this system was named Columbus; and it was opened on Columbus Day—the day and date specified when the contract was signed in 1975.

And only recently another STC system, linking the Philippines and Singapore, was opened. The on-time completion of 1500 miles in 13½ months was 9 months less than that offered by the nearest competitor.

But though STC is responsible for more undersea transmission systems

than anyone else, this vast experience by no means limits our range of interest. For instance, STC helps people talk by satellite. Developed by STC for the British Post Office and world markets, suppressors will help to reduce that disconcerting voice-echo you sometimes get on international telephone calls.

STC helps ship-to-shore communication too. The introduction of

a new generation of radio teleprinter equipment guarantees error-free transmission and reception. The "Microtor," working alongside a shipborne telex, will speak to its twin alongside another telex ashore. And neither will send nor receive a garbled message. No matter how great the distance, how bad the interference, whatever goes into the telex at one end is received at the other.

## Defence Communications

STC is a major supplier to the Ministry of Defence, NATO and other defence agencies.

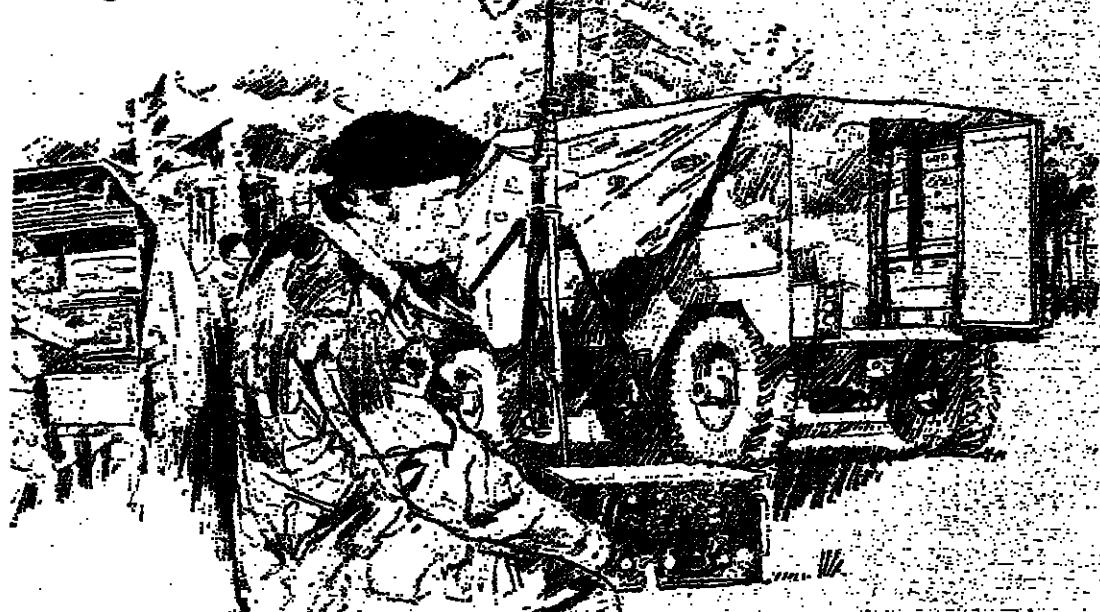
The company is playing a significant part in Ptarmigan, the trunk communications system for the British Army which will provide a mobile, secure network to support tactical requirements. It enables anyone from a signaller in an advanced outpost to the General Staff to communicate either over line or radio by simply picking up a handset.

For the Royal Navy, a fully electronic automatic unmanned exchange will continue to provide

communications even under the hazardous conditions of modern warfare.

And Lincompex (Linked Compressor and Expander) equipment virtually eliminates variations in transmission quality over long-distance radio links, one of the most common problems of communication in the field.

STC's 20 years' experience in hydrospace serves military as well as civil customers. The leading supplier of torpedo wire guidance links, the company's underwater electrical and electromechanical cables are used in almost every marine and underwater activity.



## Business Communications

STC's associate, IIT Business Systems, specialises in voice, data and telegraph communications for business, industry and commerce.

A leading product is the Unimat 4080, a new generation private exchange based on microprocessor technology. This provides an advanced voice communication system with additional features for modern business communications.

'Message switching' is another area in which the company is a leader—the automatic handling, storing, routing and transmission of memoranda, telex and data messages.

It has recently introduced a compact portable facsimile machine—the 'Telex'. This can be used wherever there is access to a telephone to transmit and receive documents and graphics at twice the speed of traditional equipment.

It is also the major supplier of telex machines to the British Post Office, and exports them to many parts of the world.



## The Future

We've talked about System X and echo-suppressors and computerised exchanges. And we could go on to international videoconferences and the 'wired city' concept and all the automated, simplified, time-saving, cost-cutting, technologies of the future. STC has many of these in hand.

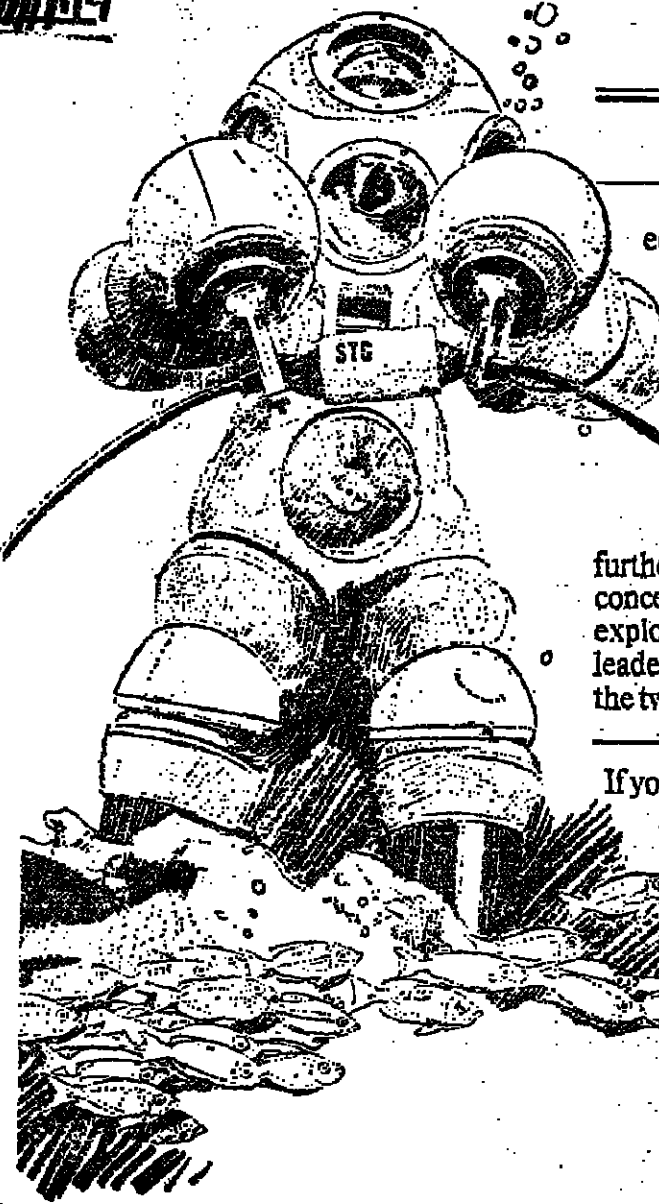
But STC's innovative skills go further than business technology to concepts whose magnitude vie with the exploration of outer space. STC is a leader in hydrospace: the exploration of the two-thirds of the earth's surface

which is water. It's where tomorrow's resources lie.

Whether it is the opening of a new frontier, where STC's ability to handle complete projects is important, or the ceaseless refinement of the telephone instrument, STC's skills will lead telecommunication development.

Very simply, think of things like this: today, it's virtually certain that when you make a telephone call it will be over STC cable or equipment.

Tomorrow, we believe that STC's innovative and development skills will continue to help people communicate.



If you would like copies of this feature in colour, we have printed it as a 6-page leaflet. If you would prefer it as a wallchart, we have produced one, size 24 x 34 inches, showing our optical fibre communications story. Write to the address below.

If you need more specific information, please contact:  
Peter Earl, Director-Public Relations,  
Standard Telephones and Cables Limited, Dept. 810A,  
STC House, 190 Strand, London WC2R 1DU.

**Standard Telephones and Cables Limited**  
A British Company of IIT

## National Communications

At the start of the telephone's second century the great switching advance is from the traditional electro-mechanical exchange, through computer controlled semi-electronic exchanges, to fully electronic exchanges, and thus from analogue to digital technology.

STC's TXE4 development was the semi-electronic system chosen by the British Post Office for the modernisation of all its medium and large exchanges. And for the future, which lies with digital systems, STC was chosen as one of the companies to work with the British Post Office towards the introduction of System X in the early 1980s.

System X is not just a development; it's a switching revolution. Conversations will be converted into a series of pulses, which will be switched by telephone exchanges without conversion back to an analogue signal, and a new digital network will be introduced.

Modern micro-circuit switches are millions of times faster and millions of times smaller than the older electro-mechanical switches, with virtually no wire between them. This complete break from the constraints of existing networks will achieve a service far more flexible, efficient and economic than today's.

STC was a natural choice to be a

partner in the consortium to work on System X. Many of the basic concepts used in System X, and comparable developments overseas, had their origins in pioneer work carried out in the 1950s and 1960s. Pulse code modulation, the basis of the digital transmission of speech, was conceived by an STC scientist as early as 1938.

But it was the invention of the transistor that made the concept practicable, and only in more recent years that developments in integrated circuit technology have enabled the full potential of digital transmission to be realised.

STC took the concept a stage further by actually installing Europe's first field trial of a high-speed digital transmission system capable of carrying 1680 simultaneous telephone conversations. Results were so outstanding that the British Post Office chose the STC system as the first stage in the implementation of a national digital network in Britain.

But this is by no means the limit of STC's lead in digital system technology. Already, as the higher capacity systems meet new demands, even as they offer more advanced facilities, STC is ahead; not only proving an understanding of the need to adapt to changing requirements, but also the capability to do so quickly.



# Textiles: still in a state of turmoil

By RHYS DAVID, Textiles Correspondent

TEXTILES remains one of the most turbulent international business sectors in spite of last year's efforts to create a new trading agreement.

It is now nine months since negotiations on the second round of the GATT Multi Fibre Agreement (MFA) were concluded, and the meeting of the International Federation of Cotton and Allied Textile Industries (FCATI) in London recently, as the first opportunity the industry has had to examine what was achieved through the series of MFA bilateral deals arranged between the developing and developed countries.

But hopes that the new arrangements might have led to a new and much more orderly international framework for textile trade—slamming the needs of rich and poor, and bringing greater fairness all around—have, only partly been realised. The recession, as reports from a number of developed countries at the conference indicated, is still using problems, depressing demand and increasing the disruption caused by imports.

The developing countries for their part are still troubled by their own economic problems and are finding their traditional opportunities of earning foreign exchange through textile exports are being blocked by what they see as the continued spread of protectionism.

Behind the complaints from both camps, however, lies a common problem. At both present and foreseeable levels of demand, too many people are making textiles, and, with the industry everywhere a major employer, few countries are

willing to reduce their stake in it. In Britain the Government was reminded of this by delegates from 13 towns in Lancashire and Yorkshire who met Mr. Edmund Dell, Secretary for Trade, during the week of the conference. They expressed concern at the continuing loss of jobs in the industry and the apparent ineffectiveness of measures such as the MFA in slowing down the decline of traditional cotton spinning and weaving.

The problem, according to Mr. Ian MacArthur, director of the British Textile Confederation, which has also been seeking Mr. Dell's ear again over recent weeks, is not so much the formal bilateral agreements concluded by the EEC with the main low-cost suppliers such as Hong Kong, South Korea, Taiwan, India and Pakistan. In nearly every case these have worked fairly well, and indeed, as Mr. Dell told the northern delegation, no formal quotas have been breached.

## Imprecise

The main problem this year has been the imprecise nature of the agreements which the EEC negotiated with Mediterranean associates such as Greece, Spain, and Turkey, and with Portugal from the EFTA block. The understanding which the EEC reached with these countries have in a number of cases proved ineffective and large increases in shipments of products strictly restrained from other sources, such as cotton yarn, have taken place.

The EEC has now tightened

up its understandings, banning all further imports this year. For example, of cotton yarn from Turkey, which had exceeded its previously agreed 1978 level of shipments within the first eight months of the year. The EEC has acted only with some reluctance, however, and in the case of Portugal it actually negotiated a less restrictive deal which it justified on the grounds that Portuguese internal stability was at stake. Britain's acceptance of this new arrangement was dependent on stronger action in other areas, notably new controls on growing imports from Malta and Cyprus, but the Commission has again shown some reluctance to act.

It was not only British delegates, however, who raised complaints at IFCATI over the continued disruption caused by imports. Most of Britain's European partners reported a sharp reduction in output from their mills in 1977, mainly as a result of weak demand and the loss of domestic market share. At the same time the U.S. industry is having its strong opposition to textile and clothing tariff cuts in the current Multi-lateral Trade negotiations (the Tokyo Round) on what it considers to be a continued high level of import penetration in the U.S. market. Japan is also giving warnings that its textile industry is under severe pressure from imports of textiles, which have been encouraged further this year by the substantial revaluation of the yen.

Yet, as the exporting nations have made clear, they have a very different perspective. In Portugal, Spain, and Greece—the three main Mediterranean textile and clothing exporters—

## NEW TEXTILE MACHINERY

	SPINDLES	OPEN-END ROTORS	SHUTTLE LOOMS	SHUTTLELESS LOOMS
AFRICA	284,500	28,200	4,415	617
NORTH AMERICA	48,025	12,884	2,465	4,334
SOUTH AMERICA	195,100	12,100	589	1,038
ASIA OCEANIA	329,000	61,800	8,728	2,214
EUROPE				
EEC	207,300	16,700	1,279	5,585
EFTA	23,100	1,800	324	574
Other	132,500	98,800	1,466	4,756
TOTAL	1,742,000	231,972	19,468	19,118

measures aimed at combating domestic inflation have reduced home demand and left all three bitter about their treatment by the EEC. Half Portugal's textile production is exported, with the EEC accounting for 80 per cent, so that the complaint made by their delegate at IFCATI is understandable.

"Our trade balance with West Germany presently stands at \$350m in her favour with \$8m in the textiles sector alone, yet West Germany has imposed a ceiling on Portuguese textile exports. Our most important textile market, the UK, despite a \$45m trade balance in her favour, has placed a limit of 31,600 tonnes on Portuguese textile imports in 1978, a reduction of 30 per cent on the 1973 level of 43,815 tonnes," he pointed out.

Similar complaints about increased protectionism have been raised by Far Eastern exporters, including Korea and Taiwan, both of which have substantially increased their investment in anticipation of expanding world textile trade. Korea itself increased its number of looms last year by 18 per cent and its spindles by 20 per cent. Hong Kong, which was

and to look at ways in which the industry can be helped to evolve a healthier structure.

The EEC, for example, has made it plain that—in contrast to its attitude a few years ago—it is now determined to maintain a viable textile industry for two important reasons, both of which were outlined by Viscount Elinore Davignon, Commissioner for Industry, at the IFCATI meeting. The first of these is jobs, for despite the decline over recent years of both textiles and clothing, together they still account for about 10 per cent of industrial employment in the Community.

The second, and equally significant reason is the important links which textiles have with other industries, such as chemicals and engineering. "The textile and clothing industry is essential for maintaining a balanced economic structure in the Community," Viscount Davignon warned.

The Commission strongly believes, however, that to achieve this there will have to be considerable restructuring of the European textile industry, and the current import restrictions are seen as merely providing a breathing space for this. Considerable restructuring has already taken place in a number of countries, including Britain and Germany, where the pressure of imports has produced mergers and closures.

In the Netherlands, too, eight spinning factories have been merged recently into one new company and similar plans are envisaged for weaving and finishing. The French Government is also behind efforts to rationalise the highly fragmented French textile industry.

In Europe as a whole, a sector study of what needs

to be done is now being undertaken by the European textile federations backed by Commission funds.

When needs have been determined, the Commission has said it will be prepared to give assistance to help the industry improve its shortcomings in relation to management, specialisation (for example in leisurewear of the market or trends), technological development and re-equipment.

From these efforts it is hoped that a strengthened and competitive—if somewhat smaller—European textile industry can emerge. But Viscount Davignon pointed out that the Community has also been stressing the risks which developing countries are running in allowing textiles and clothing to account for a disproportionately large share of their industrialisation effort.

## Basic goods

Whether or not at the Community's prompting, some of the more advanced developing countries have clearly already begun to move away from dependence on basic textile goods, which producers such as Hong Kong have been obliged to move Government has halted expansion of weaving in big industrialised mills and is hoping to obtain the additional cloth to meet future requirements from handlooms in towns and villages in the country. This is intended in part to create jobs outside the big cities, but it also has a commercial aspect. To avoid competition in basic cotton yarn and cotton fabric, India has been moving increasingly into clothing over recent years and the handloom sector is clearly going to continue for some time.

## Letters to the Editor

### Insider dealing

From the Secretary and Chief Executive, the Institute of Chartered Secretaries and Administrators.

Sir—Now that the City, as Edward Lambert your Financial Director has said (insider dealing) worries City, October 20, is stung around to discussing the halting of impending legislation, you may be interested in the view of chartered secretaries, who, as company secretaries, are generally the first professional people to whom "company directors and others turn for advice in these matters."

We said, when the White Paper "Changes in company law" was first published, that we thought the Government had it just about right. Insider dealing should be a criminal offence. The net is widely cast, at the essential point is that honest directors, brokers, solicitors or whoever may have sensitive information do not seek to use that information to make a profit or avoid a loss, they should have nothing to fear. Clause 57(6) provides just that.

In other words, the honest and prudent are assured that the legislation will not catch them. What more do we want?

The narrowing of definitions in U.S. lines which your Financial Director suggests will lead to more opportunities for evasion, when it is going to be hard enough to catch the few crooks who are currently causing the legislation as it is now proposed in 1. Barker.

6, Park Crescent, W1.

### Early lapses of life policies

From Mr. P. James.

Sir—I was extremely interested in the report (October 14) of Mr. Gordon Borrie's remarks made at the meeting of the Insurance and Actuarial Society of Glasgow, concerning early lapses and surrenders of life assurance policies.

I consider that the statistics of lapses and surrenders should be kept on a source agency basis, so that the types of agencies actually causing the lapses and early surrenders can be seen at a glance.

As an insurance broker, I have no doubt that if this were done, making in particular at industrial offices' direct sales staff, ordinary offices' direct sales staff, building societies and banks, some very interesting statistics would come to light.

While it is true to say that the new commission structure introduced two years ago did go some way towards meeting this criticism, Mr. Borrie is perfectly right in his assumption that the insurance companies themselves are not doing anywhere near enough to crack down on this scandal.

Anything he can do in the future to bring about a close investigation of lapses and early surrenders, and which types of agencies, to some considerable way towards stamping out this extremely harmful practice.

Peter R. James, 102, Insley Gardens, Huddersfield, Gloucester.

### Real rates of return

From Mr. T. H. Shucksmith.

Sir—The assertion by Lex (October 14) that large real returns are available throughout the gilt market made "my hackles stand on end." Presumably he is referring to this fact that recent rates of return on government securities are in-year price inflation or predicted

### Nationalising industries

From the Director External Affairs, The Federation of Civil Engineering Contractors.

Sir—Malcolm Rutherford is hardly fair when he accuses the building employers of expensive titling at windmills in their fight against nationalisation (October 20).

It is a matter of record that the Labour Party did vote overwhelmingly at its conference last year for the nationalisation of major building companies and firms in the brick, glass and cement materials industry. Government registers for building firms and workers, the encouragement of worker co-operatives and more scope for council building departments. These together with a whole string of other proposals cannot be seen as adding up to anything other than thorough-going state control of construction at all levels.

The fact that these policies have not yet been adopted by the Labour Party is neither surprising nor relevant. All experience of previous nationalisation attempts has shown that those industries who have ignored the early warnings and have waited until they saw themselves named in a Government nationalisation Bill have woken up too late. We are determined not to repeat that mistake.

M. D. Noar, Romney House, Tufston Street, SW1.

### Shortage of builders

From the Director, London Region, The National Federation of Building Trade Employers.

Sir—I was very interested to read Malcolm Rutherford's account (October 20) of the problems arising out of a shortage of skilled craftsmen in the London building industry. The conclusion drawn by him that therefore the campaign against building industry nationalisation is irrelevant seems very illogical. He appears to believe that campaigning against Government interference in the industry is delaying a solution to this fact that recent rates of return on government securities are in-year price inflation or predicted

rates up to perhaps six months ahead are below the gross replacement funds available in the gilt market.

These conditions do not mean that a real rate of return can be guaranteed or even expected throughout the gilt market. The effect of tax on the net or actual return earned by many investors is ignored. It fails to recognise that the guaranteed return on gilt is earned in the form of cash income and redemption flows over a period which may extend over very many years. If the time to receipt of the cash flows on a long gilt is weighted by the present value of those flows, the average period is about six years. In my opinion, it is impossible to say with any confidence that the rate of price inflation over the next six years, of more precisely, the weighted average of the rates over the appropriate periods, will be less than the average period is about six years. The average period is about six years. The average period is about six years.

### Coal-fired power

From the Chairman, NCB (IEA Services).

Sir—Miss Watchorn (October 18) refers to paragraphs 8.40, 41, and 42 of the Windscale Report as evidence of "the cost in life and health of coal-fired power stations." It is no such thing.

I greatly admire the decision to carry out the inquiry and the manner in which it was conducted generally, although no doubt some lessons were learned which will assist future exercises of this kind. I also, with some knowledge of the nuclear background, support the conclusions.

None the less, I think it was extremely unfortunate that remarks on the health hazard of using coal were included in the report, without proper evidence or without those who might have

### Electricity price rises

From Mr. K. Haynes.

Sir—In your paper of October 14, there is a report (page 4) of an internal meeting of the South West Electricity Generating Board about the "struggles" of the industry to keep down its prices in face of continuing increases in primary fuel costs, consumers' preference for cheap gas rather than electricity and inefficient operation of modern plants because of excess capacity due to lower demand than forecast.

Earlier this year you reported, (March 11), that the Price Commission was letting through the latest increase of 5 per cent proposed by the Central Electricity Generating Board for England and Wales, but intended to investigate a separate 9.9 per cent increase proposed by the South of Scotland Electricity Board. Subsequently, in reporting the "adjusted" electricity profits for the year, your paper confirmed on July 28, that as far as England and Wales were concerned, the Price Commission had allowed a rise in retail tariffs of 5 per cent effective April 1, and that operation of the fuel cost adjustment was expected to add "around 3 per cent to that in the course of the year."

Comparing this anticipated 8 per cent overall increase with what has actually happened at the retail end in this part of the country so far in 1978, I am surprised at the percentage increase.

	Jan. 75	Oct. 78	%
Basic price	2,360	2,380	8.1
+ Fuel adjustment	0.170	0.258	50.6
Total unit cost	2,530	2,638	4.3
General commercial			
Basic price	3,100	3,350	8.1
+ Fuel cost adjustment	0.177	0.258	44.6
Unit cost, excluding standing charges	3,277	3,608	10.1
Industrial maximum demand (low voltage)			
Basic price	1,800	1,730	-3.9
+ Fuel cost adjustment	0.177	0.258	44.6
Unit cost, excluding other elements of charge (one of which has increased by 50%)	1,767	1,988	12.5

questioned these views having the opportunity to do so.

Soon after the Windscale Inquiry Report was published, I wrote to the Secretary for State for the Environment on this matter and asked for "evidence" or "information" on coal mentioned in the report. Apart from the Ford Foundation Report, the only other information was both trivial and irrelevant to coal burning. The Ford Foundation Report itself has been severely criticised in many directions and seems to lack credibility with regard to coal burning hazards.

IEA Coal Research is anxious to study the problems of increased coal usage in an objective manner, including environmental impact. We have recently produced a report, "Carbon dioxide and the greenhouse effect"—an unresolved problem, which puts this particular matter in perspective. Other studies have been carried out on SO<sub>2</sub> removal and the information available on other possible health hazards has been studied.

Much more work needs to be done but my personal opinion is that the remarks referred to by Miss Watchorn are still totally unsubstantiated and that any hazards that may exist can best be studied in a careful manner without need for panic or unfounded allegation.

As I said in my letter to Mr. Shore: "The report, in paragraph 2.1 and elsewhere, refers to public anxieties on nuclear power, however irrational and misplaced. It would seem a pity to generate similar anxieties in the case of coal."

L. Grainger, 14-15, Lower Grosvenor Place, SW1.

GENERAL

Provisional figures for October unemployment and unfilled vacancies.

TUC leaders meet Ministers again for talks on a new "understanding" that might replace strict application of 3 per cent pay limit.

President Carter expected to unveil his "Phase Two" anti-inflation programme—possibly in a television address.

General Council of British Shipping reply to National Union of Seamen claim.

BL Cowley factory expected to resume production of Princess and Maxi cars.

Lord Kearton, chairman of British National Oil Corporation, is guest speaker at Foreign Press Association luncheon, 11, Carlton House Terrace, London.

Estate agents open bids for sale

## Today's Events

of Staffa (Pingsla Cave Island), Edinburgh.

Half-yearly Organisation for Economic Co-operation and Development export credits meeting continues in Paris—U.S. expected to propose changes to International Consensus on Export Credits.

Mr. Teng Hsiao-ping, Vice-Premier of China, continues visit to Tokyo in talks which include a formal exchange of instruments of ratification of the recently signed Sino-Japanese Treaty of Peace and Friendship.

European Parliament in session to consider £8,622m draft Community Budget for 1979.

"Two-day clinic" on How to Tackle Japanese Markets opens at

County Hall, Barnsley, South Yorkshire.

Statement by British Council of Churches after assembly meeting.

Mr. Merlyn Rees, Home Secretary, and Mr. Edward Heath, MP, at the Berwick and East Lothian by-election speeches.

Westminster Chamber of Commerce presentation to 18 member companies who won Queen's Award, Hamilton Galleries, W1.

6 p.m. PARLIAMENT

Both Houses resume after the summer recess for prorogation.

COMPANY RESULTS

Final dividends: City and Construction Holdings, Duffell Steels, Romal Tea, S. High Street, E.C., Paterson Zochonis, Interim div. 11.

COMPANY MEETINGS

Australian and International Trust, 120, Cheapside, E.C. 4.

Gray Electronics, 116, Pall Mall, S.W. 1.

12 Crosby House, Great Eastern Hotel, E.C. 1.

F and C Eurotrust, 1-2, Laurence Pountney Hill, E.C. 1.

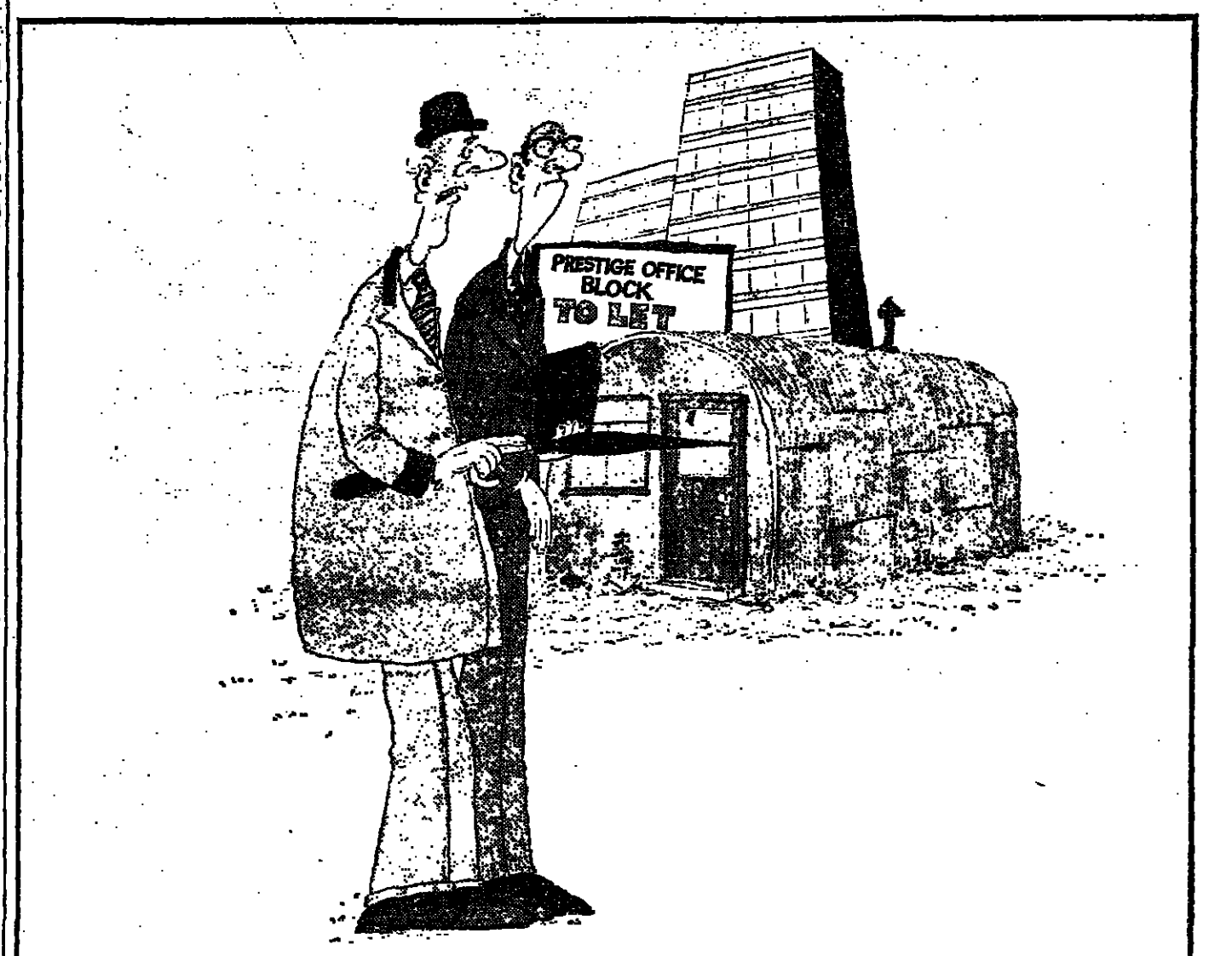
ML Holdings, Chartered Accountants' Hall, Moorgate Place, E.C. 12.

McLeod Russell, Victoria House, W.C. 12.

Ricardo Engineers (1927), Kettner, Romilly Street, W. 12.

Stratford, 10, High Street, E.C. 4.

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**LOCATION OF OFFICES BUREAU**

FT2



# Fidelity Radio up 29% in first half

FOLLOWING AN enlargement of its range of products, particularly in the music centre field, sales of Fidelity Radio rose nearly 24 per cent to £353,000, with taxable profits of £28,000 for the six months to September 30, 1978.

The present level of consumer spending suggests that sales will continue to rise, and current indications are that the full year's results will be an improvement on last year, the directors state.

When reporting on £131m profits from 115.4m sales for 1977-78, the directors said that with the signs of a resumption in consumer spending, they looked forward to a return to greater profitability in 1978-79, the company achieved pre-tax profits of £28,000.

After tax of £28,000 (£254,000), half-yearly net profits advanced from £23,000 to £30,000. The net interim dividend is lifted to 14.45p (1977-78) per 10p share, costing £122,000 (£100,000)—last year's final was £3,540p.

## comment

In spite of lower exports, Fidelity Radio's first half profits are 29 per cent higher, thanks to

the sharp improvement in UK consumer spending since April. An average 4.5 per cent price rise from May. At home, sales jumped by a third with strong demand for music centres, which now contribute around 44 per cent of group turnover, compared with a third last year. Portable radios were disappointing, however, with sales down eight per cent last year, no doubt reflecting a saturated market and intense foreign competition. Exports suffered a 16 per cent downturn to £125m, mainly because Nigeria stopped importing audio units in April. This year, the company has been saved through a deal with a local company which will import components from Fidelity and assemble units on the spot. Meanwhile, the company says there are a number of price rises in the pipeline for certain consumer products, and these should make its equipment more competitive. Group sales in October have been at record levels and if this pattern continues, the company is on target for £17m for the year. At this level the prospective yield is 9.2 per cent, while the yield is 9.5 per cent.



Mr. Jack Dickman, chairman and managing director of Fidelity Radio.

# Lockwoods Foods acts to improve growth

SUITABLE ACTION has been taken at Lockwoods Foods to counteract adverse trends and improve overall trading results, says Mr. P. B. Lockwood, chairman, in his annual statement.

Although directors are confident of the future there remains an element of uncertainty in the current year with certain varieties of canned vegetables. The element of probability must depend in some degree on the directors' expectations of an improvement in the ensuing months. "All our previous experience leads us to believe that market conditions can change appreciably in the near future," he adds.

As already known, for the year ended May 31, 1978 pre-tax profits were little changed at £22.5m (£24.4m), on turnover of £47.7m (£48.8m).

In the year, the group packed record quantities of certain seasonal vegetables and other forward sales were also at peak levels, during the latter half of the year, the directors state.

Mr. Lockwood reports that the situation has not yet fully adjusted itself and is reflected in the group's current higher stock levels, £14.1m (£9.4m) at year-end. But lower sales this year, followed by yields below normal, leads the directors to believe the situation will improve.

Also, plans are in hand to enter the frozen meats market, in conjunction with the group's existing frozen vegetable operation at Gooch, states the chairman. During the year, the South African pineapple canning company was reinforced by the purchase of a factory which will supply a substantial part of its raw materials and should make it more viable unit, Mr. Lockwood adds.

At balance date, group bank borrowings doubled from £4.4m to £8.8m. Meeting, Spalding, November 14, noon.

**RAWLINGS BROS.**  
The Goode Durrant and Murray Group, offer for Rawlings Bros. has received acceptance of 1,309,073 shares (83.7 per cent of the shares under offer). The first time, as far as I know, the offer is extended to that a structural steel business, November 3.

**Graham Wood offshoot changes hands**  
A new company, Amsteel, has been formed with this sort of structural steel business of Graham Wood. Structural Steel Corporation for an undisclosed sum of less than £1.5m.

The deal marks the return to the private sector of the structural engineering side of Graham Wood Steel. GWS was a public company that was taken over by BSC early this year. BSC was mainly concerned to obtain the steel stockholding side of GWS. The new company is headed by Mr. D. J. Titchener and Mr. P. G. Foster. The authorisation and issued capital of £1.5m has been supplied by five investing institutions, clients of Edinburgh merchants bank, McNeill Pearson, and the company's executives. "This is the first time, as far as I know, the offer is extended to that a structural steel business, November 3."

**Advance for Alliance Property**  
With turnover well ahead of £3.02m to £3.58m pre-tax profit of £300,000, Alliance Property Holdings advanced from £708,000 to £801,000. In the March 31, 1978, year, last time the profit came after a £749,000 provision against property held for disposal.

After a tax credit of £295,000 (£130,000 debit) attributable profit came out at £1.1m against £378,000, before extraordinary credit of £330,000 (£330,000). APH's subsidiary Alliance Property Company showed the same turnover in the period but pre-tax profit was £1.15m against £1.04m. Last time there was a £749,000 provision and the tax credit this time was £165,000 (£28,000 debit). Attributable profit was £1.31m (£8,900) before extraordinary credits of £364,000 (£490,000).

**Fairview Estates Limited**  
PRELIMINARY STATEMENT  
YEAR ENDED 30th JUNE, 1978

	Year ended 30th June, 1978	Year ended 30th June, 1977
<b>TURNOVER</b>		
Rental income and residential development	£'000	£'000
Taxation	22,775	18,688
Profit after taxation	3,131	2,123
	141	38
	2,990	2,085
<b>Dividend on Ordinary Shares</b>		
Interim	2,500p	2,250p
Final	3,807p	3,388p
Total	6,307p	5,648p
<b>Amount absorbed by Dividends</b>		
Earnings per share	67s	60s
Net Asset Value per share	182p	194p
		85p
<b>DIVIDEND</b>		
The final dividend proposed by the Directors of 3 807p per share is the net payment to shareholders. Taking into account the tax credit available to United Kingdom shareholders, the total dividends paid or proposed represent a total of 9.413p, a 10% increase upon the previous annual rate of dividend. The final dividend will be, subject to approval by the members, paid to those shareholders on the register at the close of business on 10th November, 1978.		
<b>PROFIT &amp; PROSPECTS</b>		
A profit for the twelve months to the 30th June, 1978 of £3.1m was achieved. No sales of industrial property or building land took place during this period.		
Net assets at June, 1978 were £17.4m, 162p per share. (1977, £9.1m, 65p per share.) The improvement stems from earnings of the year and the re-valuation of the Company's completed investment estates. Partially developed estates, although substantially rent producing have not yet been re-valued.		
The contracted Rent Roll on investment properties is now £1.85m, an increase of over 60% on the last 12 months.		
The industrial development programme currently includes the construction of new Phases, at a strictly controlled rate; on sites in Dunstable, East London, Hayes, West Thurrock, Ramham and Park Royal.		
Several major letting negotiations are presently in hand and a considerable number of rent reviews fall due on the existing investment portfolio during the current year. It is confidently anticipated, therefore, that a further substantial increase in the rent roll will result from these sources.		
It is envisaged that a re-valuation of the balance of the Company's portfolio, not as yet carried out, will reveal a considerable surplus over current book value adding significantly to the underlying asset backing of the Group.		
House sales are proceeding at a satisfactory rate. The improved margins previously forecast are now showing through in trading profits. It is not our intention to withdraw from the housing industry completely. This will in future be a controlled part of our activities with limited financial exposure.		
Restructuring of the borrowing facilities has been substantially achieved. £14m is now secured for periods ranging from 5-25 years.		
This is an important part of the conversion of your Company from Housebuilder to Property Development/Investment Company.		
D. J. Cape Chairman		

23rd October, 1978

مكتبة الأصيل

# COMPANY NEWS + COMMENT

## Mothercare hit by heavy U.S. losses

HEAVIER LOSSES in the U.S. have hit first half results of Mothercare, which at the pre-tax level show only a 9 per cent rise to £7,02m.

In the UK profits in the six months ended September 23, 1978, rose by 24 per cent to £7.29m and in Europe by 36 per cent to £0.78m but this performance was overshadowed by the U.S. loss which climbed from £53,000 to £1.05m.

In the period one new store in Kettering has been opened bringing the UK total to 172. Europe remained unchanged at 17 stores. In the U.S. two Mother-to-Be stores were closed as planned and nine new Mothercare stores opened bringing the total to 145.

Total sales in the half-year improved from £49.94m to £51.6m. Sales in the UK increased by 20 per cent to £49.93m and in the U.S. by 30 per cent to £4.21m while sales to Europe rose by 32 per cent to £7.47m.

Total exports for the six months were up from £4.73m to £5.99m of which £3.99m (£2.95m) were despatched to group companies overseas.

After tax up from £3.39m to £4.19m net profit fell by 7 per cent from £3.04m to £2.82m.

The net interim dividend is increased from 1.018p to 1.156p. In addition there is a net deferred final in respect of 1977-78 which brings the total for that year up to 2.32165p. The profit for 1977-78 was a record £13.85m, after U.S. losses of £9.25m.

First half 1977-78 1977-78

Sales:	£49.94	£49.94
UK	£49.93	£49.93
Europe	£0.78	£0.78
U.S.	£1.05	£0.78
Total	£51.60	£49.94
Profit before tax:	£7.29	£7.29
UK	£7.29	£7.29
Europe	£0.78	£0.78
U.S. loss	£1.05	£0.78
Total	£6.92	£7.29
Tax	£4.19	£3.04
Net profit	£2.82	£4.25
Dividends	£2.82	£2.82

The group sells everything from the mother-to-be, her baby and children up to the age of 10.

See Lex

## Improvement by Dualvest to £362,000

Revenue of Dualvest improved from £34,325 to £362,399 for the six months to September 30, 1978, before tax of £230,250, against £211,770 last time. At half-time net asset value per £1 capital share was up at 386p, compared with 347.75p at March 31 year-end.

The net interim dividend is raised to 2.538p (2.353p) per 50p income share. Last year a total of 4.835p was paid from record revenue of £689,000.

Gross income for the half-year was £31,098 better at £392,421.

## INDEX TO COMPANY HIGHLIGHTS

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Highland Distilleries	24	4	Stoddard Hlds.	24	1
Lockwoods Foods	24	7	Talbox	24	2

## Talbox £150,000 higher

PRE-TAX profit of the acquisitive Talbox Group rose from £426,000 to £573,000 in the July 31, 1978 year on turnover up from £8.31m to £11.15m.

In the year the group acquired James Warren and Company although no material benefit to profit was expected this year from the purchase. Also, as of July 31 the group took over Skelton Group and directors say that if Skelton figures had been included for the year pre-tax profit would have been £550,000 higher and turnover £2.66m ahead. This is after allowance for the national charge on the £500,000 cash element of the takeover. They say that profits for the four months to July 31 at Skelton are on target for the £500,000 forecast by the vendors for the March 31, 1979 year. Talbox is now pursuing Hoskins and Horton.

The profit for the year is subject to tax of £103,000 (£88,000) less prior year items of £84,000 (£123,000), which leaves a net charge of £19,000 (£37,000 credit). The figures have been adjusted for SSAP 15.

Earnings per share are shown at 2.77p (2.52p) and the dividend is raised from 0.27489p net per 3p share to the forecast 0.53p.

Directors say the contract packaging division profit increased 74 per cent to £403,000 in the year, and overall they look forward to further progress in the current year.

At year end, including Skelton, net assets per share were £2.78p (£2.06p). Provisional valuations of most group properties at balance date have been incorporated in the accounts.

**Lowland Inv. earnings up**  
Earnings per 35p share of Lowland Investment improved from 2.34p to 2.65p in the year ended September 30, 1978. And the dividend is being raised

from 2.1p to 2.5p net, with a final of 1.5p.

Gross income rose from £385,964 to £477,513, subject to interest, £120,030, (£103,689), management expenses £28,118 (£25,620) and tax £121,945 (£97,881).

Net assets value per share is shown at 73.7p (68.2p assuming full conversion of the loan stock).

## Myddleton Hotels progress

SECOND HALF profits of Myddleton Hotels increased from £183,244 to £241,303 taking the total for the year to June 30, 1978 up to £370,308 compared with £433,244.

As forecast and with Treasury consent the dividend total is stepped up from 4.66p to 6.56p, with a final of 4.02p. The 1977-78 total is on capital, increased by the purchase of Linton Lodge Hotel.

Providing for tax of £233,087 (£152,272) the year's net profit emerges at £234,336 against £280,972 giving earnings per 50p share of 24.13p (£23.5p).

Group profit ... £27,165 £43,325  
Interest ... 2,164 12,909  
Profit before tax ... 30,301 £56,234  
UK tax ... £23,787 £32,272  
Net profit ... £6,514 £23,962  
Extraordinary item ... 125,000  
Preference dividends ... 2,110 2,518  
Ordinary dividends ... 99,225 £4,371

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Extraordinary item ... 125,000  
Preference dividends ... 2,110 2,518  
Ordinary dividends ... 99,225 £4,371

**Fortnum & Mason denial**  
Half a million pounds was added to the market value of Fortnum and Mason, yesterday, the share price jumped 110p to 850p valuing the company at £31m, but a spokesman for the family interests which control 85 per cent of the share denied any intention of a bid for the remainder.

The chairman, Mr. Garfield Weston, died on Sunday. Fortnum, which runs the world-famous Piccadilly department store, is ultimately controlled by the Wittington Investments. The year ended September 30, 1978. And the dividend is being raised

British Foods and George Weston in Canada.

The spokesman said yesterday that Fortnum and Mason had been "a publicly quoted company for some years and the family had no intention of changing that status. The family was very happy with the company which last year doubled its pre-tax profits to £1m on a turnover of £3m.

The directors report that sales of new and mature whisky compare favourably with last year. The Famous Grouse continues to make excellent progress both at home and abroad.

Plans have been approved to expand Glenrothes Distillery with the additional capacity due to come on stream in 1980.

On the basis of the revised policy of accounting for deferred tax, the tax charge is reduced by £1.5m (£1.54m) to give earnings of 13.7p (11.95p) per 20p share.

The final dividend is 2.224p for a net total of 3.224p, against 2.8872p. And a one-for-one scrip issue is proposed.

Turnover ... 1977-78 1977-78  
Dualvest ... £34,325 £362,399  
Investment income ... £29 461  
From development ... 35 2  
Depreciation ... 294 476  
Interest paid ... 472 476  
Profit before tax ... 4,676 33,272  
Taxation ... 758 393  
Net profit ... 4,017 33,879  
Dividend ... 325 238  
Reduced by £1.5m (£1.54m)

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡Includes additional 0.02584p now payable. §Making 2.5p (4p) to date.

**comment**  
Highland's 21 per cent pre-tax profit increase could well mark the start of a strong growth in covering the next four to five years. Hidden in the figures is the strength of its "Famous Grouse" brand marketing drive. The brand is now the third best seller in Scotland but is only just starting to make its presence felt in the much larger market of England and Wales. Promotion and distribution costs are such that, at current volumes, Highland is making losses in England. These losses are, however, less than those made a year ago and in 1978/79 it is expected to break even. It is unlikely that the company can maintain its 41 per cent volume growth (growth in the industry as a whole in the same period is around 5 per cent) but, following the marketing drive the company should be in a happy position. The shares jumped 7p to 147p yesterday giving a p/e of 9.2 and a yield of 3.3 per cent.

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Financial Times Tuesday October 24 1978

# Rentals account for 60% of Fairview profits

TER TAX of £141,000 against 1,000 previously profit of £1,000. Fairview's profits advanced from £9m to £2.9m in the June 30, 1978 year. Turnover was ahead of £15.7m to £22.78m and rental and residential development income was £3.13m compared with £2.12m.

Mr. D. J. Cope, the chairman, said no sales of industrial property or building land took place in the period and that the attracted rent roll on investment properties is now £1.53m, an increase of more than 60 per cent in the last 12 months.

A further substantial increase in rental income is expected as several letting negotiations are in progress and a considerable number of rent reviews fall due on the existing investment portfolio in the current year.

Mr. Cope said house sales are proceeding at a satisfactory rate. The improved margins on the existing investment portfolio are now showing through trading profits. The group, which is converting from a leaseholder to a property development company, is not withdrawing from this activity completely.

Mr. Cope said the area will in future be controlled part of its activities. Limited financial exposure, restructuring of its borrowing facilities—£14m is now used for periods ranging from 12 to 25 years—is an important part of this conversion.

The balance date total net assets of the group were £17.4m (£9.1m) and £1.62m (£85p) per share. Improvement stems from increased profits and a revaluation of its completed investment

estates. Partly developed estates, although substantially rent producing, have not yet been revalued. It is anticipated that a revaluation of the balance of the group's portfolio will reveal a considerable surplus over book value.

Fairview's industrial development programme currently includes construction of new phases at a controlled rate on sites in Dunstable, East London, Hayes, West Thurrock, Ralham and Park Royal.

A final dividend of 3.507p takes the total for the year from 3.45p to 6.967p, which will be paid on November 15. Earnings per share are shown at 27.8p against 19.4p last time.

John Brennan, property correspondent, writes: Fairview has been trying for years to convince the market that it is an industrial estates developer rather than a housebuilder with industrial accounts support its argument. Just under 60 per cent of the group's £3.13m pretax profits for the year to the end of June, 1978, come from commercial property rentals. And a partial revaluation of investment properties boosts net assets from £9.1m, 85p a share, to £17.4m, 162p a share.

For the first time the industrial estates division emerges as the core of the group, a stable, strongly reversionary earnings stream, now supplemented by the housebuilding business which, as the market for its £15,000, £20,000 houses remains strong, Fairview is happy to build-out rather than simply sell off its

# Pochin's lower in second half

FOLLOWING the £245,036 first half jump to £480,740 pre-tax profit at Pochin's fell by £102,000 in the second half to leave the total for the May 31, 1978 year at £763,182 compared with £582,184 previously.

Mr. C. W. Pochin, the chairman, says that while it perhaps would be optimistic to expect profitability to be maintained in the current year at the present record level, he says he is at least confident that the group will be able to produce results comparable with previous years.

On the year just ended, he says the group companies performed creditably considering the pressure on margins in the construction industry in the period.

The group now has a stronger workload than it did at the same time last year, and while development projects have been slow to mature it now seems imminent that some of these projects should commence.

At half-time the chairman said results reflected the significant contribution to profits arising from the completion of the

## Pressac climbs to over £1m

AFTER A rise from £334,241 to £476,110 at mid-way, pre-tax profits of Pressac Holdings climbed to a peak of £1,012,521 for the year ended July 31, 1978, compared with £660,326 last time which included losses of £142,678 from the now closed German manufacturing operation.

Full year sales increased from £6.38m to £7.89m and the directors say the figure in the current year is at a record high.

Stated earnings per 10p share more than doubled from 6.47p to 14.57p and a final dividend of 2.0788p lifts the total payment to the maximum permitted 3.0012p (£2.877p) net.

After tax of £416,979 (£397,222), minorities, £4,604 (£4,324) and an extraordinary debit last time of £225,768, available profits jumped from £33,914 to £391,025.

The group's business is the manufacture of electro-mechanical components and precision engineering.

## BOARD MEETINGS

The following companies have notified dates of Board meetings in the Stock Exchange. Executives are usually held for the purpose of considering dividends. Official indications are available as to whether dividends are payable on the basis of the subsidiaries shown were based mainly on last year's figures.

**TODAY**

Interim—Associated Leasing, South International, Eastern National Investment, Estate Duties Investment Trust, P. and N. Nathan, Walter Runciman, Scott and Runciman, Tootal, Kames and Millbourne.

Final—Assam Trading, City and International Trust, Duple, S. J. Patterson, Zochman, Pretoria Portland Cement, Resque Tin Dredging.

# Stoddard sees buoyancy coming back to home market

While it is too early to give any indication of the probable trading in the current year, it is felt that some buoyancy is returning to the home market.

Robert Maclean, the chairman of Stoddard Holdings, carpet and furniture, says in his annual report that a major new range of carpet was introduced at a recent fair and was exceptionally well received.

The spring of 1979 Stoddard is acquiring the tufting plant Lyle Carpets, and will be a re-entry into tufted carpet manufacture. Sir Robert says as plant will require a rehousing no contribution expected from this unit in the current year.

Previously reported taxable profit of Stoddard fell from £1,071,711m in the May 31, 1978 year, but there was no short-time loss at group level.

Balance date net current assets were £5,281m (£4.9m) and £1 assets £5.12m (£4.19m). There was a £539,000 (£700,000) action in net liquid funds in setting, Elderslie, Scotland, under 14, at noon.

## Turquands prepares appeal

The annual report of Sims Darby Holdings now issued gives further explanation of the proposed sacking of Turquand, Youngs and Company.

The directors here repeat the assertion made in a statement earlier this month that the proposed sacking of Turquand, Youngs and Company, "as one of the largest international firms of accountants" is better placed to meet the needs of the group.

Turquand, Youngs have already said they do not believe this to be the true reason. They claim that two other reasons have been given to them privately, although these reasons were also described by Turquand as "insubstantial in the extreme".

Mr. John Barney of Turquand, Barton, Mayhew and Co. said yesterday that he was disappointed Sims had not given "an argued and believable case" for the firm's dismissal. Turquand would now prepare its written appeal to shareholders, asking them to reject the Board's proposal.

A decision had not yet been taken as to whether to reveal the two reasons for the dismissal given privately to Turquand.

The Sims accounts show that Turquand employed has risen from £192m to £235m and net borrowings from £19m to £29m. The chairman, Tan Siew Sin, gives no new indication of what the Singapore \$47m (£11m) loan facility obtained a few months ago will be used for. "These facilities will be drawn down when required for

## Bishopsgate Trust higher at six months

With gross income better at £871,470 against £564,862, net revenue of Bishopsgate Trust increased from £262,738 to £297,990 for the 6 months to September 30, 1978.

Revenue was struck after higher overseas loan interest of £163,288 (£106,865) and a tax charge of £180,773 (£151,427).

Earnings per 25p share are shown ahead from 3.00p to 3.54p and the interim dividend is stepped up to 2.2p (2p) net—last year's final was 4.25p from £540,517 revenue.

## Winding-up orders for 68 companies

Orders for the compulsory winding up of 68 limited companies were made by Mr. Justice Brightman in the High Court yesterday. They were:

R. A. Onyett (Carpets), Valdene, General and Housing Finance, Rushquest, United Construction Company, S.D.B. Insulations (Liverpool), Chaseman Wilby, Glidden, Camberwell Green, Cash and Carry, Raygate Properties, Southern Counties Plastering (Croydon), Trentina Securities, Walnut Investments, Hadgrill Investments.

Maynard, Vigar and Partners, Oxford St. Staff Agency, Widecombe Properties, Wirralone, Dalt Transport, Duffco, Ellis and Howard, Berend, B. B., Air and Welding Installation (Hull), Eamonn Sheridan Contracts, Emco Garden Company, Malhouse Decorations.

A and K Haulage, Checkavon, Wellington Fine Art Editions, Marshgate Builders, Tony Chatelle Associates, Heddon Exhibition and Trading Centre, Humidair Services, Jay Structural Developments, W. and J. Sagar (Holdings), Enco (Masonry), Everleigh Car Sales.

City Reproduction Furniture, Swanpke, L.C.M. (Transport Services), Juspalm, Bridsets, Fantasy Marketing (M.K.), Lefstar, Lillieshall Homes, Kinross Development (Woking), Smalley Construction Company.

Thorold and Satter Recruitment, F. T. Caple (Engineering), Gecon (Construction), Palmerson Furniture Co., M. J. O'Farrell, Terriers, Peoples Overseas Domestic, Tomeshire, Morrissey and Villet, J. T. (Glass), Reeds of Chesham (Fashionwear), Sweetvale.

Metrex Marketing Associates, Syd Morris Associates, Dirk Oil (Great Britain), Topplen Transport, B. N. A. Gowanbury, Monastrey, Chalkley, Hall and Co., G. Rollinson and Co., Norman T. Burridge (Manufacturing Jewellers), and P. J. Barrett (Arundel).

Compulsory winding-up orders made against Thamesmead Chemists on October 9, and against E. J. Martin and Co. on October 16, were rescinded. Both petitions were dismissed by consent.

A compulsory order against Crystal Bulk Food Centre made on October 8 was rescinded and the petition was struck out. The company having been already struck off in 1976.

An order against ABC Radio Taxi Services (Merseyside) on October 16 was also rescinded. The petition was adjourned for 21 days, with leave to amend the petition and to strike out the company and to wind it up.

# MYDDLETON HOTELS LIMITED

## A proven recipe for success

In his annual statement, the Chairman of Myddleton Hotels Limited, Mr. A. C. Hornsby, makes the following points:

- \* Results fully justify the decision to reduce borrowings, develop existing hotels and expand into areas with a high tourist potential. Our latest acquisition, the Linton Lodge, in Oxford, has exceeded profit expectations. Expansion of the Abbey Park in York and the Beaufort in Bath will enable us to profit from the high occupancy of these hotels.
- \* Group Trading Profit before tax up by 31.6%.
- \* Recommended that a dividend of 20% gross be paid thus increasing the final dividend on the ordinary shares from 3.00 to 4.02p, making a total for the year of 6.66p net (against 4.65p last year).
- \* Our thanks are due to the Management and Staff for creating such a happy atmosphere throughout the Group.

	Year ended 30th June 1978	1977
Trading Profit before tax	£570,303	£433,244
Profit after tax	£334,336	£280,972
Profit after extraordinary item	£334,336	£457,662
Dividends	£101,633	£56,681
Profits retained	£232,703	£400,981
Earnings per share	24.13p	23.83p

If you would like a copy of the Report and Accounts, write to the Company Secretary, Burlington Hotel, Eastbourne, East Sussex BN21 3YN.

# LOCKWOODS FOODS

Progress in a difficult year

- Saillant points from the circulated statement of the Chairman, Mr. Philip B. Lockwood.
- An Ordinary Dividend of 4.11996 pence is proposed which is the maximum permitted.
  - We packed record quantities of certain seasonal vegetables and although forward sales were also at record levels, during the latter half of the year despatches to customers fell below contracted quantities due primarily to a heavy acreage of fresh vegetables followed by high yields.
  - The meat processing company in Holland continues to trade successfully and we have recently extended our Continental meat activities to Northern France.
  - Plans are in hand to enter the frozen meats market in conjunction with our existing frozen vegetable operation at Goole in North Humberside.
  - We expect to have in operation a carbonated drinks plant at our Italian factory in time for the summer of 1979 which we anticipate will have a beneficial effect on the trading results in Italy.
  - We are taking suitable action to counteract adverse trends and improve our overall results of which we are confident in the future, although in the current year there remains an element of uncertainty with some varieties of canned vegetables.

GROUP SUMMARY OF RESULTS	1978	1977
£000	£000	
Profit before Taxation	2,251	2,241
Provision for Net Taxation	1,148	1,146
Profit after Taxation	1,103	1,095
Earnings per Ordinary Share	18.56p	18.42p

Secretary and Registered Office: Long Sutton, Spalding, Lincs. PE12 9EQ.

# Linford Holdings Limited

Successful adjustment in a difficult year

- £5.1 million profit, slightly down on last year's figures.
- Sales up by 11.4%.
- The net dividend has been increased from 8-495 to 9-3868 pence per share.
- The three main divisions of the company—Retail, Wholesale, and Cash & Carry—have increased their volume.
- Spar has maintained its market share despite intense price war pressures.
- Capital and reserves have increased and now exceed £23 million.

Results for the year ended 29th April 1978	1978	1977
£000s	£000s	
Sales	327,405	293,898
Profit before taxation	5,155	5,812
Earnings per ordinary share	24-8p	28-0p*
Dividends per ordinary share		
— net	9-3868p	8-495p*
— gross	14-08p	12-93p*

\*The 1977 figures have been adjusted for the changes in share capital.

Copies of the full Report and Accounts are available from: The Secretary, Linford Holdings Limited, P.O. Box 9, Wellingborough, Northants NN8 1LE.



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Financial Times Tuesday October 24 1978  
Companies in trouble and Britain's banks: signs of a new approach

# A bigger role for banks as company doctor



The growth of U.S. banks has encouraged a more aggressive attitude in the parlours of Lombard Street.

STAFLEX International, a specialist in iron-on linings for the garment trade, had a crucial meeting with its bankers on July 27.

At two earlier meetings, in October and February, the group had secured the support of its principal bankers: Barclays, Standard Chartered, and Algemene — through a period of grave liquidity shortage. Now it had to report that net borrowings had climbed to nearly £11m, and that it had a deficit on shareholders' funds of £1.2m.

In the event, the bankers decided to continue their existing support, subject to certain conditions. They agreed that the group's loan facilities would be reviewed quarterly, and they retained a leading accounting firm, Whimney Murray and Company, to monitor its operations on their behalf.

Does this decision to offer a lifeline to a client which had lost its equity base indicate a more flexible approach by the banks to problem accounts? Certainly, public precedents are few and far between. But there have been one or two other hints recently that ideas might be changing in the parlours of Lombard Street.

For instance, Barclays recently took a substantial equity holding in the Monotype Corporation in exchange for accumulated interest on loans to the company of over £3m.

Again, in their recent submission to the Department of Trade on the reform of insolvency law, the banks recommended that a procedure for the appointment of a manager and a moratorium on creditors — short of a winding-up — would be a useful innovation when a company was in temporary cash difficulties. The trouble with the present system, they argued, was that a dissenting creditor could swiftly scupper any informal moratorium.

The clearers, however, dismiss the idea that any radical

change is under way. They become especially irate at the suggestion that they are being led by the American banks, which in their evidence to the Wilson Committee implied that whereas the bold Americans were preoccupied in their lend-

BY RICHARD LAMBERT  
Financial Editor

ing policies with what was likely to happen in the future, the stuffy old British banks were only interested in lending on a "gone" concern basis. In other words, they only wanted to know what they would get back in the event of a winding-up.

"This," says one clearer, "is arrogant nonsense." Monotype is seen as a one-off affair, brought about by the willingness of the National Enterprise Board (which has also taken an equity stake) to do a deal. And the clearers all say that the only unusual feature about the Staflex affair was that it became public knowledge — via a footnote in a circular to shareholders.

For years, they say, banks have taken an active interest in the affairs of their clients, and have been prepared to intervene where necessary. One well known instance arose as far back as 1971, when the founder, chairman and chief shareholder of the David Brown Corporation ceased to have any involvement in the day to day management of the group at the request of the group's bankers, which were led by Lloyds and Hill Samuel.

established a special central department to deal with clients which are in trouble but which appear to have recovery prospects. Its job is to nurse them back to health, and it now has a staff of accountants as well as bankers, who can be called in when amber lights start flashing from the branch network.

The department works closely with the NEB and the Departments of Trade and Industry. For obvious reasons, it keeps quiet about its activities. Because it is dealing with managements that are likely to be worried or even frightened, its objective is to avoid the shotgun approach and to maintain a normal banking relationship in so far as that is possible.

Other clearers generally have a less centralised approach to problem loans, on the theory that the man on the spot is likely to have the best understanding of a local difficulty. Often the only central service comes when everything has failed, and the mortician is required.

However, the distinctions can be blurred. For instance, five years ago Barclays established a business advisory service, which now has a staff of about 70 spread across the country. It was set up as a way of helping small companies to grow larger, rather than as a fire fighting service. But it has also been used as a source of special expertise for borrowers in varying degrees of difficulty.

Another change that all the clearers emphasise is their anxiety to build a personal relationship with corporate borrowers, and to understand their business. As a result, they say, they are better able to spot problems early on — and take

avoiding action. Mismanagement is reckoned to be the main cause of company failures — it was to blame in 71 per cent of cases, according to a survey of official receivers in 1970 — and this is something which all the clearers claim they are increasingly willing and able to identify.

"Ten years ago," says one, "we would wonder what on earth was the matter if a client asked to see us. Now, our managers are encouraged to knock on doors."

Competition for lending in a dull market has obviously accelerated the trend. With it has come a substantial increase in medium term lending, often on an unsecured basis. Whatever the clearers may claim, the growth of the American banks on the domestic British scene has encouraged a much more aggressive attitude among all banks in seeking out new business and trying to hang on to it. But whatever the reason, it is much less easy these days to accuse the banks of being content to sit on their security — and letting the corporate borrower sort out its own fate.

This announcement appears as a matter of record only

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September 1978

## A FINANCIAL TIMES SURVEY

### EUROPE

DECEMBER 4 1978

The Financial Times is preparing to publish a major Survey on Europe on December 4 1978, the provisional editorial synopsis is set out below.

**INTRODUCTION** The state of European economic and political integration as three more countries — Greece, Portugal and Spain — seek to join an EEC that is still grappling with the problems of recession and unemployment. Where is the Community heading and what have been its achievements during the past year?

**ECONOMIC AND MONETARY UNION** In a period of continuing economic difficulties, the Nine are reviving plans for a new step towards economic and monetary union based on tighter co-ordination of their exchange rates.

**ENLARGEMENT** The process of admitting Greece, Portugal and Spain to the Community is well under way. All three countries' applications to join have been welcomed on political grounds, but nobody is minimising the economic difficulties.

**DEFENCE** The NATO countries are now seriously concerned at the growing military power of the Warsaw Pact and are planning to step up their own defence capability.

**DIRECT ELECTIONS** Next year will see the first elections to the European Parliament, more than 20 years after the commitment was first made in the Treaty of Rome.

**THIRD WORLD** Europe considers itself a pace-maker in the world development effort and the North-South Dialogue. An assessment of the EEC's Lome Convention with developing countries in Africa, the Caribbean and the Pacific and the negotiations for its renewal.

**TRADE AND PROTECTIONISM** The Community has been trying to promote further liberalisation of world trade, and a reform of its rule, in the Tokyo Round of multilateral trade negotiations in Geneva.

**AGRICULTURE** The EEC's Common Agricultural Policy continues to be sharply attacked from both within and without the Community.

**FISHERIES** The attempt to negotiate a new common fisheries policy has led to tension between Britain and other European nations.

**COUNTRIES** Articles will also be written on EEC and EFTA countries as well as on Europe's major industries.

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BY MA

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Self notes



## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## NORTH AMERICAN NEWS

## Special factors hit results at Exxon and Occidental

BY DAVID LASCELLES

TWO LARGE U.S. oil companies today revealed a drop in third-quarter earnings, but in both cases, analysts blamed it on special factors rather than on a general decline in the oil business.

Exxon, the largest of the two, said today that its third-quarter earnings were \$1.1 billion, or 15 per cent below the \$1.28 billion reported for the same period last year. This was due to a 15 per cent drop in oil prices, which reduced the company's refining margin by \$0.15 a barrel.

However, operating earnings in the third quarter, which do not include the effects of currency fluctuations, were up 9.5 per cent from \$1.07 billion to \$1.17 billion.

Exxon pointed out that the difference between these two versions of the company's performance showed that results were significantly affected by currency exchange rates.

NEW YORK, Oct. 23

Occidental Petroleum also reported a drop in third-quarter earnings, but analysts said this was due to a 10 per cent drop in oil prices, which reduced the company's refining margin by \$0.10 a barrel.

The other company to report today, Occidental Petroleum, said its earnings were \$1.3 billion (15 cents a share) against \$1.35 billion last year.

Occidental explained the drop as mainly due to the 10 per cent drop in oil prices, which reduced the company's refining margin by \$0.10 a barrel.

Oil and gas earnings were sharply up, thanks to higher foreign oil prices and higher chemical operations were generally lower because of increased losses in the fertilizer business.

## Optimistic outlook for Warner

FRANKFURT, Oct. 22

THE PRESIDENT of Warner Communications, Mr. Steven Ross, said he would not forecast that the company's earnings this year could be 10 per cent above the 1977 figure of \$3.30 a share.

At a presentation to mark the listing of Warner shares on the Frankfurt bourse, he said that 1978 should be the best year ever for the company's movie business.

In 1977, the company had a net income of \$70.5 million on turnover of \$1.4 billion.

Meanwhile, Mr. Steven J. Ross, chairman of Warner Communications, said that the company's earnings were sharply up, thanks to higher foreign oil prices and higher chemical operations were generally lower because of increased losses in the fertilizer business.

"In our opinion, it is an attempt to gain publicity for the U.S. Attorney," he said, adding, "there is no better way to do that than to attack someone in the entertainment business."

Previous reports previously said that a Justice Department wiretap, obtained with court approval to learn the details of a suspected mob business venture, had been used to provide evidence of an alleged theatre fraud by several New York Mafia figures that is said to involve indirectly two officials of Warner.

Mr. Ross said, "We don't know if the wire tapping is correct. All I know is we have done nothing wrong." He said the statement in the bill of particulars which involved the company's officials was "false."

The allegations have come from a federal investigation into the affairs of the Westchester Premier Theatre Inc., a publicly held company that operated a 3,500-seat theatre for live entertainment in Tarrytown, New York, which closed in 1975.

The alleged Warner connection to the case was disclosed last month when an assistant U.S. Attorney contended in court documents that two Warner executives took a \$50,000 cash bribe from the theatre's Premier Theatre Inc. chairman, Mr. Vincent J. Caruso, to secure the theatre's shares at a 1973 stock offering.

Mr. Ross said the theatre was purchased to complement Warner's cable television interests, providing a venue for the filming of television shows and a preview ground for unknown backing acts for its music business.

He said the allegations of taking a bribe and then being repaid for it "just doesn't make sense."

No charges have been brought against the Warner officials, he said, and none were expected.

Agencies

## Pan Am earnings surge 54% in third quarter

BY JOHN WYLES

PAN AMERICAN World Airways' profits surged 54 per cent in the third quarter, continuing a strong performance over the last two years.

The airline's revenue per passenger mile for the nine months was 22 per cent higher than last year, a significant increase in a year on a regular basis.

Net earnings for the first nine months of 1978 were \$125 million, or 54 per cent higher than the \$81 million reported for the same period last year.

Pan Am's net earnings for the third quarter were \$42 million, or 54 per cent higher than the \$27 million reported for the same period last year.

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NEW YORK, Oct. 23

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## EUROBONDS

## Renewed weakness in DM and \$ sectors

By Francis Green

IT WAS another ordinary day for international bond markets yesterday, but the dollar and the Deutschmark sectors were hit by renewed weakness.

Selling pressure continued to come from Switzerland, as was the case last week, and from many private investors. Lack of confidence in the dollar, its spreading and the performance of the U.S. currency, the apprehensions of those who might have felt it had reached its low.

The dollar ended the day a little stronger against the Swiss franc but a little weaker against the Deutschmark.

Interest rates on three, six and nine month dollars at one point rose to 11.14 per cent, although they settled back at the close to 11.04 per cent.

The Deutschmark sector was hit by renewed weakness, the dollar, and the Bundesbank's decision to increase its minimum reserve requirements for the country's banks by 50 per cent in order to curb the amount of the excess liquidity in the hands of the credit institutions had an adverse effect on the domestic bond market when the Central Bank intervened in the market.

The weakness in the domestic bond market spilled over into the foreign bond market where prices were marked down by a quarter to half a point. Turnover was described by dealers as active, and the general decline in prices was attributed to the Japanese convertible which were hit by a fall in the Tokyo stock exchange and a weakening of the yen.

In Switzerland, a Swiss 20m placement plan for the year of 1979, which was announced by the Swiss Federal Bank, was expected to be a success. The plan was to issue a total of 20m Swiss francs, with an issue price of 100 per cent, and the conversion date fixed for January 3, 1979.

The Canadian motor industry, dominated by the big three makers and by American manufacturers' subsidiaries, is now concentrated in Ontario, Oshawa and Windsor, opposite Detroit. The Canadian motor industry has also been the target of the Japanese, who are expanding their presence in the steel industry in Ontario.

General Motors Canada is considering moving its diesel engine plant in the St. Catharines area of Ontario, west of Toronto, to a small truck assembly operation either east of Oshawa, the site of its present main vehicle assembly operations, or to British Columbia. This move, if it goes ahead, would be a significant step in the company's expansion into the west.

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## TRW stages sharp advance

BY OUR FINANCIAL STAFF

THIRD QUARTER results from TRW, the aerospace, tools, and vehicle parts group, confirm that it is well on the way to achieving its target of topping the earnings of \$4.75 a share and sales of \$3.25 billion for the third quarter of 1977.

Extrajoin in the third quarter, the company's earnings were 16 per cent higher at \$4.24, or \$1.35 a share against \$3.00. Sales, at \$2.97 billion, also showed a rise of 16 per cent.

This brings the nine months' earnings total to \$12.5 billion (13 per cent higher), or \$3.74 a share against \$3.00. Sales of \$2.73 billion are 15 per cent up.

Mr. Robert F. Mettler, the chairman, told shareholders that he expected the company to exceed in the third quarter the 15 per cent earnings target of the second quarter of 1977.

He referred to the company's spacecraft operations \$42.2m, or \$1.35 a share against \$1.00. Sales, at \$2.97 billion, also showed a rise of 16 per cent.

TRW's Electronics and Space Systems and Car and Truck divisions contributed gains in both sales and operating profits to the second quarter gain. The Industrial and Energy division turned in higher sales, but a U.S. plant closure helped to bring profits down.

In 1977, the company had a record year, with each division of its business contributing to the upturn. Dividend payments were lifted by 14.5 per cent to \$1.55 a share.

But a cautious note was sounded at the beginning of this year, when the severe winter in the U.S.

have become increasingly concerned about the trend towards consolidation of major public companies.

In the first nine months actual or pending acquisitions worth more than \$100 million totalled \$9.7 billion, or 13 per cent of the total of \$74 billion for all of 1977.

Aggregate value of all possible transactions has, as a result, declined in the first nine months of 1978 from \$14.9 billion to \$12.5 billion.

regulatory agencies which that actual or pending acquisitions in the first nine months fell 4 per cent on last year from \$1.1 billion to \$1.05 billion.

However, the heightened activity involving public companies and the steep increase in the size of proposals valued



## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## BHF-Bank seeks to raise \$26m by rights

By Our Own Correspondent

FRANKFURT, Oct. 23. BERLINER Handels- und Bank (BHF-Bank) today announced a rights issue aimed at raising DM 45m (\$26.5m). The offer will be open to shareholders from November 9 to November 23.

The 200,000 new shares, which carry dividend rights from July 1, 1978, will be placed through a consortium led by Deutsche Bank, West Germany's largest commercial bank. The new shares will be offered to holders at the ratio of one to seven at a price of DM160 per DM50 nominal share, free of stock exchange turnover tax.

According to today's statements, the new shares will be offered on the stock exchanges at Frankfurt, Berlin, Düsseldorf, Hamburg and Hanover.

Holders of the Bank's 1973 5% convertible loan stock will not have rights to participate in the rights issue. They will however, receive compensation in the form of a DM 12 reduction in their conversion price.

The rights issue will increase the Bank's nominal capital by DM 15m to DM 116m.

## Sceptical reaction to Volvo deal

By Fay Gjester

OSLO, Oct. 23. NORWEGIANS REMAIN sceptical about the proposed car-for-oil deal with Volvo of Sweden, a public opinion survey shows. Nearly half of them still do not know what to think.

The survey, conducted last month and published today in the Oslo daily Dagbladet, shows that 32 per cent of those questioned feel negative towards the proposals. 34 per cent are positive and 44 per cent don't know. Three months earlier 25 per cent were positive, 32 per cent negative, and 43 per cent did not know.

The September survey shows that 38 per cent believe the deal will benefit Sweden most, and 24 per cent believe it will benefit Norway and Sweden equally. Only 5 per cent believe Norway will reap the most benefits, and 34 per cent do not know.

## Austrian bank increases capital

By Paul Lendvai

VIENNA, Oct. 23. KOMMUNALKREDIT AG, the Austrian development bank, is increasing its capital by Sch 30m to Sch 100m (\$2.25m). The Federal Republic has a holding of 15 per cent, whereas other major shareholders are the Postal Savings Bank and the Genossenschaftliche Zentralbank.

Mr. Peter Schramm, member of the Board, was elected yesterday as new director general in place of Mr. Josef Neubauer, who retired. Dr. Josef Benninger, a director of Zentralsparkasse, the Vienna-based savings bank, also joined the Board.

## Daimler-Benz optimistic despite production loss

By GUY HAWTIN

FRANKFURT, Oct. 23.

DAIMLER-BENZ today announced that it will at least equal last year's profits record despite the wage dispute in the West German metal industry earlier this year. Capacity utilisation has been extraordinarily healthy and the group's order book is standing at its highest level ever.

The group, which manufactures the quality Mercedes motor cars and commercial vehicles, lost production of 25,000 cars and 8,000 commercial vehicles as a result of the strikes affecting the metal industry this year. In all, the labour troubles cost the group some DM 1 bn in sales.

However, in the first nine months of 1978 cash sales totalled DM 19,250m (\$10.35m) compared with DM 19,130m during the comparable period of last year. Sales for the West German parent amounted to DM 15,860m (\$8.86m) against DM 15,630m (\$8.86m) in 1977, a measure of how the wage conflict hit output.

Domestic turnover totalled DM 8,290m (\$5.1bn) compared with DM 8,370m in the first three quarters of 1977—although it

must be remembered that customers for the company's smaller cars have to wait for up to four years for delivery. Export sales during the same period fell from DM 7,290m to DM 6,370m.

But although the proportion of turnover devoted to exports has fallen from 36.5 per cent during the first nine months of 1977 to just 40.7 per cent, the emphasis on exports has not declined. Foreign orders remain at a high level.

However, demand for the group's commercial vehicles remains slack, as it does throughout the West German motor industry. Today's interim report from the group states that demand within product groups varies greatly.

Demand from abroad, overall, has been disappointing although acceptance of Daimler-Benz's new Bremer transporter (up to four registered tonnes) has been higher than expected. Both at home and overseas this range is expected to pick up a growing market share.

On the car side, the group has had considerable success with its

## Move into the black at Stora Kopparberg

By William Duffell

STOCKHOLM, Oct. 23.

STORA KOPPARBERG made a SKr 88m (\$13.5m) pre-tax profit on sales of SKr 1,950m (\$454m) for the first eight months of the year. Having disposed of its steel operations to SSAB, the new half state-owned steel company, Stora Kopparberg will be a pulp, paper and power company from January 1, and no direct comparison can be made with last year's results.

The eight-month performance is, however, rather better than forecast. Mr. Erik Sundblad, the managing director, told the annual meeting in May that he hoped the company would break even before tax in 1978 after slumping into a SKr 137m loss last year. The eight-month report anticipates a final pre-tax figure for the year of around SKr 100m after extraordinary items.

A Stora Kopparberg showed a pre-tax loss of SKr 105m. Disposing of the steel business has thus helped to bring a SKr 163m improvement in earnings after extraordinary items, the advance is SKr 153m to a profit of SKr 78m.

A comparison of the operating profit after depreciation for those operations remaining with Stora Kopparberg shows a fall of SKr 4m to SKr 159m over the eight months. But this figure includes SKr 2m in stock losses against stock gains of SKr 50m last year and depreciation is up by SKr 18m to SKr 127m.

The net financial charges remain high at SKr 127m or SKr 17m larger than in the corresponding period of last year, when the steel operations were included. However, this year's charges include SKr 23m in estimated interest costs on the pensions debt—these costs were taken as operating costs last year.

The interim report notes that deliveries of most company products increased during the spring and summer, and production capacity is now being better utilised. Prices for pulp, paper and timber have firmed, although pulp prices are still on the whole lower than the average for last year.

Pulp stocks have been reduced to below the normal level, but current prices do not fully cover the capital costs of the new plant at Skuskaer. Newsprint demand has been strong enough to allow for higher capacity utilisation, while the fine paper plants have been working at full capacity.

The parent company's total premiums for both its Italian and overseas business amounted to \$587m, an increase of 17.4 per cent, and the claims experience continues to be satisfactory.

Investment income earned during the first half-year amounted to \$69m, a rise of 21.7 per cent, and for the whole year is estimated to exceed \$143m on investments which will exceed \$2.43bn.

General expenses, including allocations to staff retirement and pension funds, amounted to \$102m, an increase of 21.8 per cent.

The results for the year are expected to be at least equal to those reported in 1977, when it earned a net profit of L22.5bn (\$26.5m), the company said.

## Ferodo plans a further takeover in France

By DAVID WHITE

PARIS, Oct. 23.

AGAINST A background of stagnating sales and profits in its French-based operations, the Ferodo motor components group is continuing its moves to strengthen its market position.

Following a FFR 115m (\$27m) investment giving it effective control of Duccellier, the French electrical components business in which Lucas Industries of Britain holds 49 per cent, Ferodo has announced its intention of taking over a foreign company with substantial business in our range of automobile products.

In a letter to shareholders of S.A. Française du Ferodo, the company's chairman, M. André Boisson, said the company was also planning to raise its equity capital, now at FFR 154m. It will be the first time Ferodo has come to the market since 1970. He disclosed no further details of either of these plans.

Ferodo's effective control of Duccellier, which is being contested by Lucas, involved the purchase of a 92.5 per cent interest in a joint venture with DBA, the Bendix subsidiary which holds the 51 per cent controlling stake. Lucas had earlier agreed with Bendix to buy the DBA stake for \$26m—which, allowing for exchange rate movements, is equivalent to what Ferodo has paid—but its plan to take full control failed to receive French Government approval.

Duccellier remains a joint subsidiary of DBA and Lucas, but the Ferodo deal gives the French group control of the majority voting rights.

Another move outlined in the shareholders' letter is co-operation with "a specialist in the production of electronic components," which Ferodo expects to be agreed on in the near future, fitting in with a series of pacts being negotiated between French groups and U.S. semiconductor manufacturers.

Ferodo's recently-established U.S. subsidiary, Valeo, might be used in the future to start up industrial activities, the company said.

Overseas business was the strongest point in Ferodo's performance in the first half of this year, when parent company figures showed a drop in net profit to FFR 31m from FFR 41m in the same period last year. The company said the 1977 first half figure was boosted by exceptional earnings.

Turnover of the parent company rose by 3 per cent to FFR 922m in the six-month period, but Ferodo's sales showed a 5 per cent drop in volume.

On the other hand, turnover of Ferodo's foreign interests rose by 25 per cent in the half-year, and the company expected consolidated sales this year to be 7 per cent higher than in 1977 at over FFR 4.6bn, passing for the first time the 51bn mark. First half figures showed a 6 per cent increase to FFR 2.4bn.

## Volker outperforms Stevin

By CHARLES BATCHELOR

AMSTERDAM, Oct. 23.

TWO DUTCH construction groups, Adrian Volker and Stevin, today announced sharply differing rates of first half profit growth in the offer document published to mark their forthcoming merger.

Net profit at Volker rose 35 per cent to FFR 27m (\$15.5m) in the first half of 1978 while Stevin reported a 5 per cent increase to FFR 18.4m.

The two firms last month said they expected to make a combined net profit of FFR 85-90m in the whole of 1978 compared with FFR 71.5m last year, with Volker contributing most of the increase.

In today's offer document, Stevin said it expected 1978 profit to be 33 per cent higher than last year, compared with FFR 31.3m last year.

A new joint holding company, to be called Volker Stevin, will be set up. Shareholders in Volker will be offered 11 new Volker Stevin shares and one convertible debenture for each Volker share, while Stevin shareholders will be offered a one-for-one share exchange.

Volker expects turnover on the basis of production to rise 7 per cent to FFR 1.1bn (\$550m) in 1978, from FFR 1.05bn in 1977.

## Oce maintains forecast

By OUR OWN CORRESPONDENT

AMSTERDAM, Oct. 23.

OCE-VAN DER GRINTEN, the Dutch copier group which last year acquired the British company Ozalid, is to raise its interim dividend to FFR 3.50 per FFR 20 nominal share from FFR 3.30 last year. Net profits rose by just 3 per cent to FFR 23.4m (\$14.2m) in the first nine months of the year, but the company still maintains its forecast of a 5 per cent increase for the year as a whole. This implies a net profit of FFR 39.8m in the year ending November 30.

Oce's operating profit was 7 per cent higher at FFR 67.7m but a less favourable interest balance, lower income from its share of minority holdings and a higher tax bill meant the increase at the net level was smaller. Turnover rose 8 per cent to FFR 916m (\$465m). The Ozalid although they only relate to 8 months trading of the UK company in 1977.

Business developed satisfactorily in the first 9 months, Oce said. Net profit per share rose to FFR 16.16 from FFR 15.73 in 1977.

## Industrie Buitoni

Industrie Buitoni Perugina, the Perugia-based foods company, has set up a holding company in France as part of a project to reorganise its European activities, our Financial Staff writes.

ISP Europa, the new holding company, will control the group's operations in France, Britain, Holland, Sweden and Spain. The restructuring project aims to give greater penetration to Buitoni group products on European markets. To finance it, the company has obtained a series of medium-term loans from a group of French and Italian banks for a total of \$21.5m.

## Skanska Cement profit increases

By OUR OWN CORRESPONDENT

STOCKHOLM, Oct. 23.

SKANSKA Cementgjuteriet, the largest construction group in both Sweden and Europe, reports pre-tax earnings of SKr 228m (\$33.6m) on a turnover of SKr 4,490m (\$1,360m) during the first eight months. The profit is SKr 10m higher than that for the corresponding period last year, while turnover growth is slightly less than 15 per cent.

The managing director, Mr. Bengt Haak, now expects a final turnover for 1978 of around SKr 7.2bn and pre-tax earnings "somewhat higher" than the SKr 338m recorded last year.

This result would be rather better than that forecast in the spring, when Skanska indicated that it would do well to maintain earnings in 1978.

The improvement stems from foreign contracts, not from domestic business. In Sweden building investment will fall short of the 1977 level, because of the sharp decline in spending by industry. The growing importance of foreign contracts for Skanska is illustrated by the order book, which rose by

SKr 1.5bn during the eight months, to SKr 6.7bn. While domestic orders declined, Skanska won some major orders in Saudi Arabia and Tunisia during the period. At the end of August foreign contracts made up 45 per cent of the order book, compared with 33 per cent in January.

Group liquidity increased during the period, partly as a result of advance payments on contracts. The financial item in the profit and loss account shows an income of SKr 57m.

## Assicurazioni Generali lifts income

By Our Financial Staff

GROUP PREMIUM income of Assicurazioni Generali, Italy's largest insurance group, rose 18.4 per cent to \$1,670m in the half-year to June 30.

The parent company's total premiums for both its Italian and overseas business amounted to \$587m, an increase of 17.4 per cent, and the claims experience continues to be satisfactory.

Investment income earned during the first half-year amounted to \$69m, a rise of 21.7 per cent, and for the whole year is estimated to exceed \$143m on investments which will exceed \$2.43bn.

General expenses, including allocations to staff retirement and pension funds, amounted to \$102m, an increase of 21.8 per cent.

The results for the year are expected to be at least equal to those reported in 1977, when it earned a net profit of L22.5bn (\$26.5m), the company said.

## SI Pirelli turnover cut

By JOHN WICKS

ZURICH, Oct. 23.

GROUP TURNOVER at Societe Internationale Pirelli, of Basle, fell by 16 per cent over the first half of the current financial year, as a result of the strength of the Swiss franc in the foreign exchanges. Profits were also down on the previous year's levels, according to the company, which forms part of the Dunlop Pirelli union.

The Swiss holding company, which has already announced an unchanged net dividend of SwFr 15 per share for the year to June 30, after profits of SwFr 31.24m (\$20.7m) against SwFr 32.75m previously, gives group turnover for 1977-78 as SwFr 2,960m (\$2bn), a rise of 11 per cent over the previous year's figure of SwFr 2,660m.

Investments returned to "normal levels" last year, the sum of SwFr 130m comparing with high expenditure of SwFr 220m and SwFr 194m in the two preceding years.

## Geneva bank downturn

By OUR OWN CORRESPONDENT

ZURICH, Oct. 23.

DESPITE A fall in net profits from SwFr 7,080m to SwFr 6,160m, the Geneva-based Societe Financiere Italo-Suisse has expressed satisfaction with regard to the 1977-78 financial year and recommends payment of an unchanged 10 per cent dividend, plus a bonus of 2 per cent. The fall in profits is attributed primarily to increased depreciation and provisions and the fall in interest rates. Net assets rose

by some SwFr 6m over the period to SwFr 127m. The Swiss watch and electronic components manufacturer Portescap SA, of La Chaux-de-Fonds, has taken over the Philadelphia-based company Transcoil. Transcoil is a producer of precision equipment for use in the aerospace sector and in numeric machine controls. The Swiss group already plays an important part on the U.S. market for direct current miniature motors.

October 1978

This announcement appears as a matter of record only.

## REPUBLIC OF VENEZUELA

DM 350,000,000

long term loan at a fixed rate of interest with Banco Central de Venezuela as financial agent for the Republic

WESTDEUTSCHE LANDESBANK  
GIROZENTRALE

BAYERISCHE HYPOTHEKEN- UND  
WECHSEL-BANK

BAYERISCHE LANDESBANK  
GIROZENTRALE

DEUTSCHE GIROZENTRALE  
- DEUTSCHE KOMMUNALBANK -

DRESDNER BANK  
AKTIENGESellschaft

HESSISCHE LANDESBANK  
- GIROZENTRALE -

LANDESBANK RHEINLAND-PFALZ  
- GIROZENTRALE -

LANDESBANK SCHLESWIG-HOLSTEIN  
GIROZENTRALE

BADISCHE KOMMUNALE LANDESBANK  
- GIROZENTRALE -

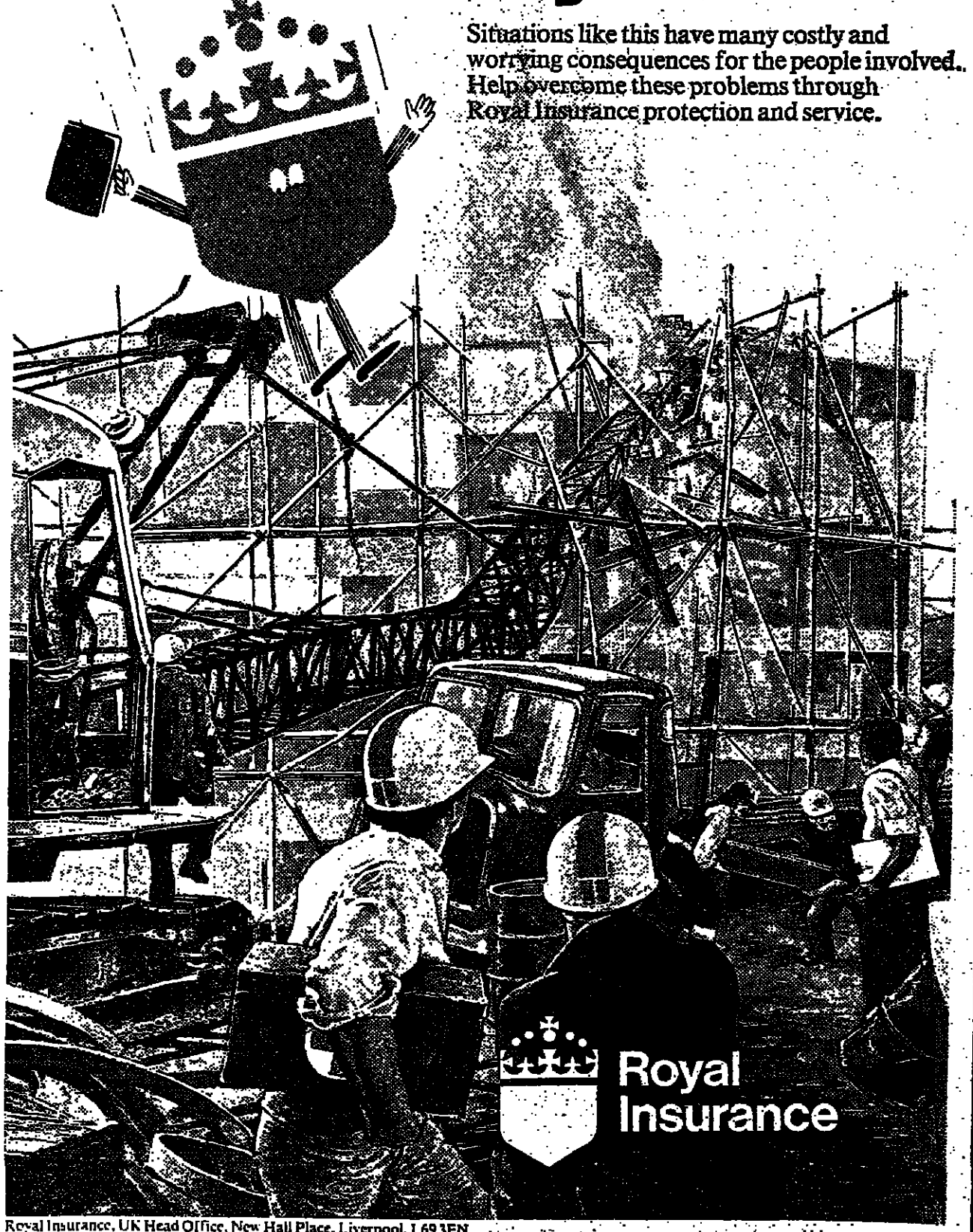
HAMBURGISCHE LANDESBANK  
- GIROZENTRALE -

LANDESBANK SAAR  
GIROZENTRALE

WÜRTTEMBERGISCHE KOMMUNALE  
LANDESBANK GIROZENTRALE

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# INTERNATIONAL FINANCIAL AND COMPANY NEWS

## IGERIAN BORROWING

### German banks join Euroloan

BY MARY CAMPBELL

ST WEEKS' unexpected syndicate, the reason for the German change of heart is that the Nigerian said they would reconsider the whole Euroloan project if the German banks did not add their loan to the jumbo. The contract was of considerable importance to the German consortium building the Warri complex (a consortium led by Gutehoffnungshütte and involving a lot of top German companies). Given that the week could lead to the rest of the financing then the principle of unity could lead to a similar procedure being adopted for part if not all of the \$750m main body of the loan.

In effect, therefore, Nigeria's use of the proceeds of the current loan may well be much more restricted than was the use of the proceeds of the original \$1bn Eurocurrency loan signed last January.

Whether it finds the sacrifice worthwhile will depend on the urgency with which it needs untied foreign exchange resources. For, if Nigeria can cope with its immediate cash flow problems the establishment of a principle of jumbo loans, sanctified to progress on major development projects, could well pay dividends in the medium term. One major bank said a couple of months ago that it had \$2bn tied up backing customers tendering for projects in Nigeria: many banks had potential commitments of several hundred million. These would be released if the banks and the companies they are backing believe that the Ministry of Finance will stick to the principle of jumbo financing.

Still overhauling the present loan is the legal dispute between Nigeria and various companies which supplied it with cement in 1975. Most pressing is the Ipirtrade case: Ipirtrade, a French trading company, got an order from a French court which effectively prevents French banks from participating in the loan until a solution has been found to its dispute with the Nigerian Government. The Nigerian Solicitor-General reportedly met key members of the banking consortium last week and explained his view. Ipirtrade and other cement-linked claims on the Nigerian Government.

The key question here is how the loan will be administered, and this is still under discussion. One option for the German portion is for the whole \$395m to be drawn by the Nigerian central bank immediately after the loan is signed. It would apparently be added into the Nigerian foreign exchange reserves figures but in fact be placed in a separate account to be administered by the Deutsche Bank.

If a formula of this nature is agreed for the German portion the jumbo being more closely tied to progress reports on the projects for which it is earmarked. In other words the principle of a unified policy which has brought the Germans into the jumbo loan could mean that the jumbo moves closer to being a project loan, just as the German project loan overtly becomes an untied financing by virtue of being added to the jumbo.

The Nigerian government's search for large-scale international financing has received a number of setbacks in the last few months notably a West German decision not to join a Euroloan arrangement. After the parties reconsidered their respective positions and priorities, the West Germans have finally decided to take part in the \$750m loan.

Nigerians have already invested a lot in Warri themselves, many doubted that the project would have been cancelled. But the Germans apparently wanted to avoid even substantial delays. The news of the Germans' change of heart is still too fresh to have produced definitive reactions among the many bankers hankering back from the Eurocurrency loan; but it has certainly boosted hopes among managers that the banks which have hitherto been reserving their Nigerian lending capacity to back up their customers' tenders for contracts in Nigeria (loans which amount to a potential of hundreds of millions per bank, though only a few may be expected to materialise), are now reportedly nosing around the jumbo. A commitment from Japanese banks, noticeable absent from the lending syndicate so far, would be particularly significant.

The Nigerian victory in getting the jumbo being more closely tied to progress reports on the projects for which it is earmarked. In other words the principle of a unified policy which has brought the Germans into the jumbo loan could mean that the jumbo moves closer to being a project loan, just as the German project loan overtly becomes an untied financing by virtue of being added to the jumbo.

### Sperry Rand to sell equity to Indians

By K. K. Sharma

NEW DELHI, Oct. 23.

THE SPERRY RAND Corporation of the U.S. is to sell to Indians all its 605,850 equity shares in Remington Rand of India. The sale will take place early in November at \$17.50 for each share of \$10 nominal — or a total of Rs 10.6m (\$1.3m) — and with this Remington Rand will become a wholly Indian-owned company.

The company was incorporated in 1952 as a wholly-owned subsidiary of Remington Rand (prior to its amalgamation with Sperry Rand in 1955), but in 1967, the non-resident holding was brought down to 65 per cent. The foreign holdings were further reduced to 51 per cent in 1975, to finance establishment of a new plant to manufacture portable typewriters. In India, the company has two plants, at Howrah in West Bengal and Faridabad in Haryana to manufacture standard and portable typewriters, filing cabinets and a wide range of office equipment. Its dividend in 1978 was 10 per cent.

### Brown and Dureau lifts earnings

Brown and Dureau, the Australian import and export group, has announced a 19 per cent profit increase for the fiscal year to June 30, AP-DJ reports from Melbourne.

Profits rose from \$17.7m in 1976-77 to \$21.2m (U.S.\$2.3m) in 1977-78.

Turnover increased from \$99.3m to \$101.4m (U.S.\$12.2m) in 1977-78, an increase of 13 per cent.

## Electricity Generating Authority of Thailand

U.S. \$60,000,000

Medium-term loan

guaranteed by

The Ministry of Finance, Kingdom of Thailand

arranged by

Lloyds Bank International Limited Manufacturers Hanover Limited

Continental Illinois Limited

provided by

Lloyds Bank International Limited Manufacturers Hanover Trust Company

Continental Illinois National Bank and Trust Company of Chicago

Associated Japanese Bank (International) Limited The Daiwa Bank Ltd. The Sanwa Bank Limited

The Taiyo Kobe Bank Limited The Toyo Trust and Banking Company, Limited

First Pennsylvania Bank N.A. The Industrial Bank of Japan, Ltd. The Mizumi Bank, Limited

Singapore Nomura Merchant Banking Limited The Sumitomo Bank, Limited

Tokyo Finance (Asia) Ltd. A Member of The Bank of Tokyo Group

September, 1978

### Record profits at SA Druggists

By Richard Rolfe

JOHANNESBURG, Oct. 23.

THE AFRICAN Druggists, which is the main manufacturer and distributor of pharmaceuticals in the republic, and which is now controlled by Federale (Pty) Ltd., has reported record profits in its 12-month period to August 31, 1977. The company's turnover rose from R117m to R142m (\$163m) in the 12-month period and profits from R7.4m to R11.7m.

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Stock Exchange move

Johannesburg Stock Exchange will close on December 11, and reopen on December 12 following the move to a new building. The exchange announced, reports Reuter from Johannesburg.

## Sasol plant construction reaches peak level

BY OUR OWN CORRESPONDENT

JOHANNESBURG, Oct. 23.

CONSTRUCTION work has reached its peak on the second South African Coal, Oil and Gas Corporation (Sasol) oil-refining plant, according to Mr. P. de Villiers, chairman of Sasol. The R2,450m (\$285m) plant, called Sasol 2, is due to come on stream in a year's time.

The local content of the plant's construction has risen from 37 per cent to 60 per cent of the total cost, equivalent to a saving of R75m in import bills. With the existing Sasol plant supplying about 6-8 per cent of the Republic's oil needs, Sasol 2 is expected to raise the total supply to about one-third.

Sasol raised turnover last year from R659m to R653m (\$84m) and pre-tax profits from R79m to R115m (\$13m). While higher

## Hongkong Land loan details

BY ANTHONY ROWLEY

HONG KONG, Oct. 23.

HONGKONG LAND intends to apply around one-third of the HK\$584m (U.S.\$123m) net proceeds of its recently-announced HK\$800m loan stock rights issue to refinancing existing debt, and the remainder to a current development programme costing around HK\$1,100m.

The document issued today formally detailing the loan stock issue gives a pro-forma consolidated balance sheet for June 30, 1978 (which updates the last report and accounts by six months) and quantifies the impact that the major funding will have on Hongkong Land's gearing.

Total capital employed at June 30 was HK\$4,325m, of which HK\$1,324m consisted of loans and bank borrowings 70 per cent of them being long term, giving a debt cover of 3.3 times. With the adding in of the loan stock (and exclusion of the refinancing of existing debt) the debt cover is reduced to 2.6 times.

Interest payments by the group this year to December 31, excluding interest on the 8 per cent unsecured loan stock, 1984-85, are expected to be HK\$94.7m, and would be covered 4.3 times by the estimated profits before interest and tax. Interest cover falls to 2.9 times if a full year's interest cost on the loan stock is charged, however.

The company is forecasting net after-tax profits, before extraordinary items, of HK\$276m this year, an increase of 22.4 per cent over last year, after announcing interim net profits of HK\$135.4m.

The 50 per cent paid loan stock, being issued at par on the basis of HK\$1.25 nominal of stock for each HK\$5 share held carries warrants which, if fully exercised by December 31, 1988, would result in a total of HK\$600m of new ordinary shares being issued by the group.

### IEC stake in Thai Orient Leasing

By Our Financial Staff

THE INTERNATIONAL Finance Corporation (IFC), an affiliate of the World Bank, has announced a second investment in the equipment leasing field, with the taking of an equity participation of US\$150,000 in Thai Orient Leasing Company, of Thailand.

Other sponsors of the company are several Thai financial institutions—the Industrial Finance Corporation of Thailand (IFCT), Asia Credit and the Bangkok Insurance Company — as well as Orient Leasing Company of Japan, one of the largest independent leasing companies in the world. Thai Orient Leasing's initial capital is approximately US\$1m and, in addition, it is arranging to borrow long-term funds from IFCT, including a sub-loan from a World Bank line of credit.

The project is expected to contribute to the growth of Thailand's industrial and services sectors by encouraging the development of a leasing industry as a supplementary source of long-term funds, says IFC.

## REPUBLIC OF VENEZUELA

DM 150,000,000

6½% Bonds due 1990

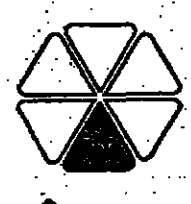
with Banco Central de Venezuela as financial agent for the Republic

All these Bonds having been sold, this announcement appears as a matter of record only.

WESTDEUTSCHE LANDESBANK GIROZENTRALE		
DRESNER BANK Aktiengesellschaft	DAIWA EUROPE N.V.	MANUFACTURERS HANOVER Limited
MORGAN STANLEY INTERNATIONAL Limited	SWISS BANK CORPORATION (OVERSEAS) Limited	
Abu Dhabi Investment Company	Creditanstalt-Bankverein	Lazard Brothers & Co. Limited
Affin S.p.A.	Credit Commercial de France	Lazard Freres et Cie.
Alstalt Bank of Kuwait (K.S.C.)	Credit Industriel et Commercial	Lloyds Bank International Limited
Algemeene Bank Nederland N.V.	Credit Lyonnais	Loeb Rhoades, Hornblower International Limited
A.E. Ames & Co. Limited	Credito Italiano	McLeod Young Weir International Limited
Amsterdam-Rotterdam Bank N.V.	Credit Suisse First Boston	Merck, Finck & Co.
Arab African International Bank - Cairo	Daichi Kangyo Bank (Schweiz) AG	Merill Lynch International & Co.
Arab Finance Corporation S.A.L.	Richard Daus & Co. Bankiers	B. Metzler seel. Sohn & Co.
The Arab and Morgan Grenfell Finance Company Limited	Den Danske Bank af 1871 Aktieselskab	Mitsubishi Bank (Europe) S.A.
Araven Finance Limited	Dem norske Creditbank	Morgan Grenfell & Co. Limited
Bache Halsey Stuart Shields Incorporated	Deutsche Bank Aktiengesellschaft	National Bank of Abu Dhabi
Banque Commerciale du Maroc	Deutsche Girozentrale - Deutsche Kommunalbank - DG Bank	The National Bank of Kuwait S.A.K.
Banca Commerciale Italiana	Deutsche Genossenschaftsbank	The Nikko Securities Co. (Europe) Ltd.
Banca del Gottardo	Dillon, Read Overseas Corporation	Nippon European Bank S.A.
Banca Nazionale del Lavoro	Drexel Burnham Lambert Incorporated	Nomura Europe N.V.
Banco di Roma	Erffkenbank-Werburg Aktiengesellschaft	Norddeutsche Landesbank Girozentrale
Bank of America International Limited	Eurobank S.p.A.	Osterreichische Länderbank Aktiengesellschaft
Bank Julius Baer International Limited	Europabank S.p.A.	Sal. Oppenheim jr. & Cie.
Bankers Trust International Limited	European Banking Company Limited	Orion Bank Limited
Bank für Gemeinwirtschaft Aktiengesellschaft	Robert Fleming & Co. Limited	Pfizerbank
Bank Gutzwiller, Kurz, Bungenier (Overseas) Limited	Fuji International Finance Limited	Postbank
Bank Mees & Hope NV	Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft	Privatbanken Aktiengesellschaft
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Banque Arabe et Internationale d'Investissement (B.A.I.)	Greenwich Incorporated	Rothschild Bank AG
Banque Bruxelles Lambert S.A.	Groupement des Banquiers Privés Genevois	N.M. Rothschild & Sons Limited
Banque Française du Commerce Extérieur	Hambros Bank Limited	Salomon Brothers International Limited
Banque Générale du Luxembourg	Hambrogs Bank Aktiengesellschaft	Saudi Arabian Investment Company, Inc.
Société Anonyme	Hambrogs Bank Aktiengesellschaft	J. Henry Schroder Wagg & Co. Limited
Banque de l'Indochine et de l'Extrême Orient	Hambrogs Bank Aktiengesellschaft	Skandinaviska Enskilda Banken
Banque Internationale à Luxembourg S.A.	Hambrogs Bank Aktiengesellschaft	Smith Barney, Harris Upham & Co. Incorporated
Banque Nationale de Paris	Hambrogs Bank Aktiengesellschaft	Société Générale
Banque de Neufchâtel, Schlumberger, Mallet	Hambrogs Bank Aktiengesellschaft	Société Générale de Banque S.A.
Banque de Paris et des Pays-Bas	Hambrogs Bank Aktiengesellschaft	Société Séquanaise de Banque
Banque de Paris et des Pays-Bas (Suisse) S.A.	Hambrogs Bank Aktiengesellschaft	Spaarbanksbank
Banque Populaire Suisse S.A. Luxembourg	Hambrogs Bank Aktiengesellschaft	Sumitomo Finance International
Banque Rothschild	Hambrogs Bank Aktiengesellschaft	Sun Hung Kai International Ltd.
Banque de l'Union Européenne	Hambrogs Bank Aktiengesellschaft	Svenska Handelsbanken
Baring Brothers & Co. Limited	Hambrogs Bank Aktiengesellschaft	Tinkaus & Buckhardt
Bayerische Hypothek- und Wechselbank	Hambrogs Bank Aktiengesellschaft	Union Bank of Finland Ltd.
Bayerische Landesbank Girozentrale	Hambrogs Bank Aktiengesellschaft	Union Bank of Switzerland (Securities) Limited
Bayerische Vereinsbank	Hambrogs Bank Aktiengesellschaft	Union de Banques Arabes et Françaises - U.B.A.F.
Joh. Berenberg, Gossler & Co.	Hambrogs Bank Aktiengesellschaft	Vereins- und Westbank Aktiengesellschaft
Berger Bank	Hambrogs Bank Aktiengesellschaft	J.Vontobel & Co.
Berliner Bank Aktiengesellschaft	Hambrogs Bank Aktiengesellschaft	M.M. Warburg-Brinckmann, Wirtz & Co.
Berliner Handel- und Fruchthandelsbank	Hambrogs Bank Aktiengesellschaft	S.G. Warburg & Co. Ltd.
Blyth Eastman Dillon & Co. International Limited	Hambrogs Bank Aktiengesellschaft	Westfälische Bank Aktiengesellschaft
Bremer Landesbank	Hambrogs Bank Aktiengesellschaft	WestLB Aals Limited
Caisse des Dépôts et Consignations	Hambrogs Bank Aktiengesellschaft	Wood Gundy Limited
Chase Manhattan Limited	Hambrogs Bank Aktiengesellschaft	Württembergische Kommune Landesbank Girozentrale
Christiansen Bank og Kreditkasse	Hambrogs Bank Aktiengesellschaft	Yamachi International (Europe) Limited
Citicorp International Group	Hambrogs Bank Aktiengesellschaft	
Commerzbank Aktiengesellschaft	Hambrogs Bank Aktiengesellschaft	
Compagnie Monégasque de Banque	Hambrogs Bank Aktiengesellschaft	
Copenhagener Handelsbank	Hambrogs Bank Aktiengesellschaft	
County Bank Limited	Hambrogs Bank Aktiengesellschaft	

This announcement appears as a matter of record only

October 1978



## Coral Leisure Group Limited

£30,000,000

Unsecured 4 and 7 year Loan Facilities

Managed by

BARCLAYS MERCHANT BANK LIMITED

Provided by

Barclays Bank Group

American Express International Banking Corporation

County Bank Limited

Citibank N.A.

The Royal Bank of Scotland Limited

National Westminster Bank Limited



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# Weak trend offset by late Wall St. rally

## WORLD STOCK MARKETS

**INVESTMENT DOLLAR PREMIUM**  
\$2.60 to \$1.79% (80%)  
A LATE TECHNICAL rally left stocks mixed in active trading as the market attempted to repair the damage of its worst ever slide. Investors remain worried about rising interest rates and President Carter's anti-inflation message due to be announced today.

The Dow Jones Industrial Index added 1.53 to end at 839.66, but declined 1.53 to 838.13. It was down two to one on a volume of 16m shares against the 43.67m traded on Friday. The Transport Index edged up 0.53 to 288.93. However, Utilities were 0.13 lower at 102.17.

At lunchtime the Dow Jones Industrial Index had been 8.37 lower at 839.44. After the close, Chemical Bank raised its prime rate to 10 1/2 per cent with effect from today. The industry only moved to 10 per cent just over a week ago.

Dealers thought the Federal Reserve had moved to tighten credit further, but later revised that estimate. They said the Fed would not raise rates until the end of the year.

The market was also aided by comments by U.S. Budget Director McIntyre that President Carter would be frank in his address to Congress on the deficit.

Westinghouse Electric eased its 25% bid to \$191. It agreed to plead guilty to making false statements to the government on foreign pay-offs and to pay a \$300,000 fine.

Seaboard World Airlines dropped 2 1/2% to \$21 1/2. The Civil Aeronautics Board ordered Tiger International to stop buying Seaboard shares pending a review. Tiger was unchanged at \$25 1/2.

Johns-Manville lost 75 cents to \$32 1/2. Its third quarter earnings rose slightly. The company intends to export rights to purchase one class "A" share at \$12.50 for every 10 shares held.

Canada Canadian share prices closed lower in active trading. The Toronto Composite Index was off nearly 13 points with declines in 11 of the 14 component groups. Oil and Gas, Real Estate, Consumer Products, Transportation and Financial Services all fell more than 20 points. Losses outnumbered gains 408 to 55.

Peoples Jewellers "A" shed 3 1/2% to \$131. The company intends to export rights to purchase one class "A" share at \$12.50 for every 10 shares held.

Domestic Dime dropped 3 1/2% to \$79. Its "A" share at \$12.50 for every 10 shares held. Domestic Dime dropped 3 1/2% to \$79. Its "A" share at \$12.50 for every 10 shares held.

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**Tokyo**  
The market closed lower for the first time in seven sessions following the sharp yen appreciation in Tokyo. In a volume of \$80m shares, the Tokyo Stock Exchange Index closed at 438.19 down 1.33.

Export-oriented issues led the fall with investors disenchanted by the higher yen. Matsushita Communications fell 770 to 19,000. Pioneer Y3 to Y7,400, Toyota Motor Y3 to Y7,400 and Matsushita Electric Y3 to Y7,400.

However, issues related to trade with China rose in active trading following exchange of instruments of ratification of the Sino-Japanese Peace and Friendship Treaty. Among major gains, Sino-Japanese Bank rose 100 to 1,300. Nissan Diesel up 50 to 1,300. Bridgestone Tire Y13 to Y13.80 and Komatsu advanced Y4 to Y4.80.

Cotton Spinners, Machine Tools, and some Public Works issues rose. But Pharmaceuticals, Shipping Lines and some others closed lower in sympathy with export-oriented issues.

**Paris**  
The market eased in most sectors underpinned by the weakness of the dollar and growing industrial unrest in France.

In lower Electricals, Matra gained fractionally while L'Oréal lost 1/2% to 765 despite announcing plans to raise its capital by Frs 700m.

Peugeot-Citroen was Frs 9 lower at Frs 501 and in Rubber Michelin fell Frs 43 to Frs 1,290. Rhone-Poulenc in Chemicals shed Frs 4 to Frs 1,200. All foreign stocks moved lower, underpinned by the weakness of Wall Street. Legrand fell Frs 34 to Frs 1,905 and Carrefour lost Frs 158 to Frs 2,090.

**Germany**  
FRANKFURT—Share prices fell in quiet trading on lack of buying interest and the fall on Wall Street. The weaker dollar was also a depressing factor.

In Autos VW fell DM 3.50 and Daimler, which announced higher group sales in the first nine months, fell DM 2.50 to DM 232. BfW, which said it was raising its share capital by DM 15m to DM 116m, fell DM 4.20, and Deutsche Bank fell DM 3.10 to DM 314.5.

Elsewhere Preussag fell DM 6, MAN Ordinary shares fell DM 5.50 and GHD and KHD each fell DM 5.

**Amsterdam**  
AMSTERDAM—Shares prices closed lower following the further decline in the U.S. dollar and on Wall Street. All Dutch International shares declined, with Unilever losing 1/2% to 125.00. Royal Dutch fell 1/2% to 125.00. KLM fell 1/2% to 420.00 and ABN fell 1/2% to 420.00.

Volker and Sterin were unchanged after issuing their 1978 dividend. Shell rose 1/2% to 125.00. OCEAN, which announced a higher interim dividend and nine months' profits, Heineken lost 1/2% to 125.00.

**Brussels**  
BRUSSELS—Belgian share prices were mixed in moderate trading. Lambert, Uerz, Vieille Montagne, Hainaut, Sambre, Wagons-Lits and Fluorimont rose. But Asturienne, Union Miniere, Hoboken, Soefin, UCB and Mogane fell. Arabid shed BFR 15 as old Sec Generale, Sefina and FN were also weak.

**Milan**  
MILAN—Prices closed generally lower in moderate trading. Montedison was sharply lower at 1,193.25 against Friday's close of 1,216 in the first day of the company's four-for-three rights issue at par value of 1,110.

Other leading Industrials, Banks and Financials were also lower, following the general trend. Sella Viscosa fell 1.81 to 1,749 and Prelli fell 1.45 to 1,599. Fiat was also weaker.

**Switzerland**  
ZURICH—Swiss stock prices were lower at the close on the Zurich exchange. Trading was moderate. The Swiss Credit Bank and stock index was off 0.2 at 2,453. The decline affected most sectors. Among Industrials Basler, Motor, Colombus and Alusuisse all closed lower. Shares of Fluor, ABB, Landis and Gyr were unchanged, however.

Banks were generally weaker, with the Big Three all showing losses at the close. Insurance companies were weak. Among Pharmaceuticals, Ciba-Geigy non-voting shares rose Sfr 5 to 736.

**Oslo**  
OSLO—Industrials and shipping were mixed, while Banking and Insurance were slightly easier.

**Vienna**  
VIENNA—Share prices were generally quiet, steady, gains including Allgemeine Raup, Jenbacher and Vetscher, Kabel, Metall and Stieglitz, however. Industrials ended irregular.

**Copenhagen**  
COPENHAGEN—Stock prices closed generally lower, and dealings were fair. Banks and Communications were unchanged, while Insurance were narrowly mixed.

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# FARMING AND RAW MATERIALS

## Big 'yes' vote likely for Milk Marketing Board

BY RICHARD MOONEY

BRITISH DAIRY farmers with 90 herds are expected to vote overwhelmingly in favour of the Milk Marketing Board system in the EEC referendum on which the Board's future depends, according to a leading farming magazine. Voting papers go out today and must be posted back by November 17. Following a poll of a sample of readers with 70 dairy cows, the magazine's findings are that 95 per cent will vote for the Milk Board and only 5 per cent against. The magazine's findings are based on replies from 1,000 dairy farmers with an average herd size of 123 cows. While the result of this poll is not binding, it is a strong indication that the Board will be re-elected. The magazine's findings are based on replies from 1,000 dairy farmers with an average herd size of 123 cows. While the result of this poll is not binding, it is a strong indication that the Board will be re-elected.

## Copper ignores U.S. import curb decision

BY JOHN EDWARDS, COMMODITIES EDITOR

THERE WAS little reaction on the London copper market yesterday to President Carter's decision to restrict U.S. copper imports to 300,000 short tons a year. It had generally been expected that this would be impossible politically for the President to support the International Trade Commission's recommendation because it would have brought a stop to copper imports from countries dependent on copper as their main source of export earnings. The White House also emphasized that the decision was not intended to restrict U.S. copper imports from the rest of the world. The failure of copper prices to rise to more "reasonable" levels, and the nervousness about the outlook, could well be a dominant influence on the market. It is this nervousness that brought a further decline in prices on the London Metal Exchange yesterday, despite yet another fall in warehouse stocks. The stocks, down by 3,900 tonnes, to a total of 403,000 tonnes, have fallen for 11 weeks in succession and are at the lowest levels for more than three years.

## Way cleared for new wheat pact talks

BY GROG SMOSARSKI

THERE IS renewed hope that the International Wheat Agreement to control world wheat prices will finally be negotiated after the abortive earlier attempts. At last week's meeting in London of the interim committee, made up of leading wheat importing and exporting countries, draft texts were prepared for the three conventions—on wheat, wheat food aid and coarse grains—which are to make up the proposed agreement. These, together with supplementary statements by the market economy developed countries and another by the importing developing countries, are to be submitted to the full conference which reconvenes in Geneva on November 6. Chairman of the committee, and the conference, the Swiss diplomat Arthur Dunkel said that the mechanisms of the conventions had been well defined. But the numbers—such as the trigger price levels at which various actions concerning stocks should be taken, the size of the stocks, or the contribution of individual countries to the 10m tonnes a year food aid targets—still remained to be decided. Mr. Dunkel claimed that it would be possible to reach an agreement on the interim committee, with 12 members, to decide such matters on behalf of the full conference, which would have 20 members. It is also possible to assume that the agreement over the "numbers" will involve compromise at the highest political level and is, therefore, being left to the last possible moment. Certainly Mr. Dunkel thought that the decision on numbers would be made "at the twenty-fifth hour". A major breakthrough came in the developed countries' attitude to help for the developing countries with costs of the latter's share of the stocks. The rich countries proposed to examine the possibility of including wheat stock costs in their bilateral aid programmes, and also to take a positive attitude to any applications for such aid.

## Carter bid to curb U.S. sugar imports

BY OUR COMMODITIES STAFF

THE U.S. plans to raise the price of domestically grown sugar to 15 cents a lb by imposing a tariff of 10 cents on imports, according to Mr. Walter Mondale, the Vice-President, reports Reuters. In a speech released by the White House, he confirmed the administration would introduce new Sugar Pricing Bill in the Congress. "In the interim, I am pleased to announce we will continue to enforce existing tariff and fee authority to protect the domestic price," Senator Mondale said. "Although the current programme requires support of 7 cents per pound market price, as a demonstration of the administration's commitment to a fair and reasonable sugar price, we will seek to protect a domestic price of 15 cents a lb. We will use our authorities to their maximum extent to help achieve this goal." The President is instructing the Bureau of Customs to monitor our imports from countries not party to the International Sugar Agreement and, if necessary, to limit imports under existing authority to help maintain a 15 cent price objective, he added. News of U.S. intentions to boost prices was one of the influences behind price rises on the world sugar market in London yesterday. However, it was pointed out that if the Administration was able to restrict imports it could mean that the sugar would simply be diverted to other markets. "Possibly of more influence were an unconfirmed report of buying by Algeria, a 'buy' authorized me to announce that mission house, and a feeling that domestic price of 15 cents a lb. last week's fall after the failure of Congress to pass the Sugar Pricing Bill had been overcome."

## Cocoa price rise halted

By Our Commodities Staff

COCOA PRICES rose significantly on the London futures market yesterday morning continuing last week's steady rise. But producer selling was attracted at the higher levels and values eased back during the afternoon. The March position, which climbed to a seven-month peak of £2,045 a tonne on one stage, ended £39.25 up on the day at £2,026.25 a tonne. The late decline may also have been encouraged by the French Cocoa Institute's Association announcement that third quarter French cocoa bean grindings totalled only 7,000 tonnes, against 7,455 in the same quarter last year. On the London coffee market, meanwhile, values closed near the day's lows with the January position quoted at £421.5 a tonne, down £39.5. In New York Gordon Paton said the amount of green coffee roasted in the U.S. between January 1 and October 15 this year totalled 1,148,000 bags, compared with 10,530,000 bags in the corresponding period last year. In the week ended October 14 roastings were 20.9 per cent ahead of the same week last year, Paton said.

## Malaysian tin tax cut welcomed

By Wong Sulong

KUALA LUMPUR, Oct. 23. MALAYSIAN MINERS have welcomed the reduction in the tin profit tax announced by Tengku Razaleigh, Finance Minister, in his budget, although they say it is unlikely to spur new investments in the industry. Under the proposals, the top rate of the tin profits tax is reduced from 15 to 12.5 per cent. Tin profits in excess of 400,000 ringgits (about £93,000) now attract a 15 per cent tax. The tax cut will benefit the larger mines—the smaller gravel pump mines having received tax relief in last year's budget. Mr. Razaleigh, president of the tin mining industry, said that many more companies would benefit from the tax cut considering the high prices. However, the tax relief did not tackle the fundamental problem of attracting investments to the industry, he said.

## GHANA Making better use of tropical forests

BY MARY CHERRY, RECENTLY IN GHANA

A LARGE-SCALE integrated forestry project in the Western Region of Ghana is introducing a new concept of management which seeks to utilize fully all qualities of wood and to recover hitherto wasted materials as an important source of energy. Fundamental to this concept is the improvement and expansion of charcoal production not only for domestic but also for industrial uses. About a third of Ghana's total land area is classified as being under tropical forest. This is not to say that all this area is under forest today. As in so many other countries, forest has been cleared for agriculture and other purposes. Vast areas remain, though, which are now neither first class commercial forest nor cleared land. This is the result of years of exploitation to remove the best of the timber, leaving behind the traditional practices of clear-felling and burning as part of a shifting-agriculture system. The Subri Project of the Forestry Department of Ghana is concerned with some 23,500 ha of the Subri River Forest Reserve and is centred near Dabobee in the Western Region. It forms part of the United Nations Development Programme and Food and Agriculture Organisation Forestry Energy Project for Ghana. Within the Subri River area all clear-felling and burning has stopped and new management techniques are being implemented which, it is hoped, will subsequently be adopted elsewhere. Management seeks to improve the value of the forest by fully utilizing all wood of whatever quality and to achieve a sustained yield of timber, pulpwood and charcoal in the future. Reforestation with species of known value, such as *Gmelina arborea* and *Pinus caribaea*, is going ahead rapidly but, alongside this, a fresh look is being taken at the value of some of the indigenous species. New plantings are being arranged in such a way as to avoid the destruction of existing juvenile species which could have pulp or timber potential. These are marked to be left as standards and some are selected at mother trees from which seeds are collected for growing in the forest nursery. In addition to leaving standards (instead of clear-felling), narrow belts of untouched natural forest are also being preserved. Both these practices are proving to be of real practical value. The attempt to eliminate waste in the forest is taking a number of forms. Traditionally trees were felled breast high leaving stumps that were not only wasted but which also inhibited movement of machines. Now felling is being done close to the ground. With the elimination of burning much waste which is of no value for timber, poles or pulp and this is being channelled into a planned charcoal programme which is considered to be a major part of the whole forest project. The programme includes not only the training of local people in improved methods of charcoal production within and near the forest, but also the promotion of domestic and overseas marketing of charcoal and pre-investment studies of large-scale charcoal production as a major source of energy for future industry in Ghana. The reforestation and charcoal production is providing work and income for the people, but there is a problem of the provision of food. This is being tackled in two ways: food supplies are being augmented by commodities supplied by the UN World Food Programme and controlled agriculture is being introduced by wider-spacing the young forest trees and inter-cropping with maize, cocoyams and plantain (cooking banana) trees. The project is, therefore, producing timber, pulp, charcoal and food and, at the same time, preserving an environment for the wildlife which was hitherto being frightened away or destroyed by the old practices.

## COMMODITY MARKET REPORTS AND PRICES

UPPER—Easier of the London Metal Exchange. German buying held forward the steady at \$76.5-77.5 during the day, as well as the setting of the price a lower Cover Company pushed the price down to \$76 at one stage. But the market closed steady and was able to close up the Mark at \$72.5, up 18.750 points.																	
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ZINC—Lower on balance, but trading was quiet. The Forward was unchanged over the weekend. East metal was first at \$72.50 and \$73.00, but the market caused a decline to \$70.00. For most of the day, \$72 price held. The market moved, reaching \$72.50 one stage, and closed on the Mark at \$72.50. Turnover \$28,000.																	
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## COFFEE

downward trend of last week in active afternoon dealing. Drexel Burnham				No. 1				Previous	Yesterday's	Business	
and some stop-loss selling resulted from a poor opening in New York and only				R.-N.				Cine	Cine	Done	
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## PRICE CHANGES

Metals			
Aluminium	2710	+10	2720
Copper	275.50	+0.25	275.75
Gold	175.50	+0.25	175.75
Iron	175.50	+0.25	175.75
Lead	125.50	+0.25	125.75
Nickel	175.50	+0.25	175.75
Platinum	175.50	+0.25	175.75
Silver	175.50	+0.25	175.75
Tin	175.50	+0.25	175.75
Zinc	175.50	+0.25	175.75

## World Commodity Report

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## GRAINS

WHEAT—London Grain Exchange			
3 months	175.50	+0.25	175.75
6 months	176.00	+0.25	176.25
12 months	176.50	+0.25	176.75
BARLEY—London Grain Exchange			
3 months	175.50	+0.25	175.75
6 months	176.00	+0.25	176.25
12 months	176.50	+0.25	176.75

## SUGAR

SUGAR—London Sugar Exchange			
3 months	175.50	+0.25	175.75
6 months	176.00	+0.25	176.25
12 months	176.50	+0.25	176.75

## INDICES

FINANCIAL TIMES			
Oct 23	250.45	+0.10	250.55
Oct 24	250.55	+0.10	250.65
Oct 25	250.65	+0.10	250.75
Oct 26	250.75	+0.10	250.85
Oct 27	250.85	+0.10	250.95
Oct 28	250.95	+0.10	251.05
Oct 29	251.05	+0.10	251.15
Oct 30	251.15	+0.10	251.25
Oct 31	251.25	+0.10	251.35

## Conference? Seminar? Company Meeting? Reception? Film Preview? Advertising Presentation?

There's no need to hunt around the West End for a suitable venue or viewing theatre. The FT Cinema, here in the City, offers seating in comfort for 50+ people. Full 16mm film projection facilities: National Panasonic 1/2" colour video tape and Philips 150M video cassette viewing. Electrosonic 360L slide presentation system. And luxurious private dining rooms with extensive catering facilities.

## FINANCIAL TIMES CINEMA

All enquiries to the Press Officer, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. Tel: 01-443 8000 (ext. 7123).

## SILVER

SILVER—London Silver Exchange			
3 months	175.50	+0.25	175.75
6 months	176.00	+0.25	176.25
12 months	176.50	+0.25	176.75

## WOOL FUTURES

WOOL—London Wool Exchange			
3 months	175.50	+0.25	175.75
6 months	176.00	+0.25	176.25
12 months	176.50	+0.25	176.75

## REUTERS

REUTERS			
Oct 23	250.45	+0.10	250.55
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Oct 31	251.25	+0.10	251.35

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## MOODY'S

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## Asian rice pact plan

MANILA, Oct. 23. THE ASSOCIATION of South-East Asian Nations (ASEAN) is considering a rice commodity agreement to ensure a stable supply and reasonable prices, Mr. Arturo Tanco, Philippine Agriculture Minister, said here, reports Reuter. A small beginning with a rice agreement could pave the way for a larger agreement including other agricultural commodities. Tanco said that a rice pact would be a first step towards a comprehensive agreement on agricultural trade. He said that the ASEAN countries were working on a rice pact which would be a first step towards a comprehensive agreement on agricultural trade. He said that the ASEAN countries were working on a rice pact which would be a first step towards a comprehensive agreement on agricultural trade.







# AUTHORISED UNIT TRUSTS

# OFFSHORE AND OVERSEAS FUNDS

Financial Times - Tuesday October 24 1978

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INSURANCE BASE RATES

Property Growth 10.4%

Vanquish Guaranteed 10.25%

Address shown under Insurance and Property Bond Table













# FINANCIAL TIMES

Tuesday October 24 1978

**Weatherall Green & Smith**  
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## Carter will be tougher on pay

By Jurek Martin, U.S. Editor

WASHINGTON, Oct. 23.

PRESIDENT CARTER will tomorrow unveil the third and toughest anti-inflation policy of his presidency in a nationally televised address.

But neither industrial nor labour leaders seem to feel that whatever is proposed will have much effect—a view shared by both the domestic stock market which has had the worst week in its history, and international foreign exchange dealers.

In addition, Democratic Party politicians are concerned that the programme could adversely affect the chances of Democratic candidates in next month's mid-term election, while some senior members of the federal bureaucracy have come so far as to warn that they will fight against any diminution of their authority if it is implied in the President's proposals.

The centrepiece of the package will be the introduction of a "voluntary" wage and price guidelines. However, recent confusion over the targets for prices has served further to undermine confidence that the programme can be effective.

The basic goal will be to hold wage increases next year to an average of 7 per cent. The intention had been to have a lower 5.75 per cent goal for prices, but this has reportedly been revised upwards to the 6 per cent to 6.5 per cent range.

Today Mr. Jody Powell, the Press Secretary, denied adamantly that there had been any confusion. He said that no changes had been made to the Administration's approach in the past few weeks.

President Carter and most of the members of his Administration are philosophically opposed to mandatory controls over wages and prices. It would, therefore, constitute a major surprise if the President were to take that route tomorrow.

However, he does appear determined to exercise greater enforcement powers than contained in his first two mild anti-inflation programmes unveiled in the Springs of 1977 and 1978.

His sanctions will include suspending Government purchases from companies which either enter into inflationary wage settlements or which increase prices beyond the guidelines, threatening to deregulate those industries which currently enjoy a measure of protection from free market pricing, and even, in some cases, encouraging lower cost imports from overseas.

In general, the Administration seems willing to engage in far tougher "jawboning" of labour and industry. The Council on Wage and Price Stability is being strengthened to handle the additional load.

Mr. Carter will also be naming a new anti-inflation chief to replace Mr. Robert Strauss, who also serves as special trade representative and whose workload has been very heavy in recent months.

The favourite choice appears to be Mr. Alfred Kahn, head of the Civil Aeronautics Board, who won the President's admiration for his aggressive pursuit of the principle of removing controls from the civil aviation sector.

Nevertheless, scepticism about Mr. Carter's package is rampant. Mr. George Meany, the trade union leader, said he would prefer mandatory controls to the voluntary approach, which he believed would be tougher on labour than on industry.

Continued from Page 1

## Sadat

that the draft treaty is acceptable. Prominent members of Mr. Begin's own Herut party and the ruling Likud alliance have already said that they believe that Israel is giving away too much.

A tough fight is expected within the Cabinet on some points as Ministers who are unhappy with the Camp David accords fight a rearguard action against the evacuation of Sinai.

## Wider 16-plus exam control proposed

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

EMPLOYERS, trades unions and parents should have a powerful role in controlling a new national 16-plus examination, suggests a White Paper issued by the Government yesterday.

The inclusion of these "outsider" interests along with educational representatives in supervising the exam is part of a plan by Mrs. Shirley Williams, Education Secretary, to substitute a single 16-plus test for the present dual system of General Certificate of Education Ordinary levels and the Certificate of Secondary Education.

Mrs. Williams said yesterday: "Exams are not just about what the education system wants, but about what girls and boys take into the outside world and what is acceptable there."

The White Paper—which will not be publicly available until a Stationery Office dispute is settled—recommends a two-tier control mechanism in which industrial and parental representatives will share responsibility with local education authorities and institutions of higher and further education, as well as with school-teachers.

All of these interests, none of which would have a majority, would take part in supervising the four or five boards administering the new General Certificate of Secondary Education exam which, if approved by Parliament, would probably be introduced in English and Welsh schools about 1985.

The same partners would also share control of a central committee set up to check and co-ordinate the standards and arrangements adopted by the individual boards, which would be formed from the present eight GCE and 14 CSE examining bodies.



Mrs. Shirley Williams claimed support

The co-ordinating committee would be responsible for guarding against any decline in standards and also for ensuring greater consistency in the educational attainment required by the different examining boards for the award of a given grade.

The proposals seek to protect standards by providing for pupils of high academic ability to sit extra, more demanding papers in some subjects such as mathematics to qualify for the highest grades. In other subjects top scholars would sit entirely different papers from the less academic candidates.

Mr. Norman St. John-Stevens, Conservative spokesman on education, described the plan as "an act of reckless folly."

gain the confidence of people and organisations outside the schools, including industry and commerce.

Modifications would have to be made before the Conservatives would support the change. He would be outlining his party's proposals on Thursday.

Mrs. Williams, however, claimed that the White Paper had the backing of both Conservative-controlled associations of local authorities, one of which felt that the change would improve standards.

The Confederation of British Industry felt that the proposals did not go far enough to ensure that standards would be maintained in practice but believed that the White Paper provided enough time for the necessary development work to be completed before the change was made.

The Trades Union Congress and the teachers' union generally welcomed the plan.

Like the present dual exams, the new test would not differentiate between "pass" and "fail." Instead, it would lead to the award of seven grades.

Levels one to three would coincide with the old O-level pass which is now represented by CSE grades A to C. The remaining new grades would coincide with the present CSE rankings two to five.

Grading would be based on the assumption that the new exam would be taken only by the most academically able 60 per cent of pupils in the eligible age range, who could enter in any number of subjects.

The ranking arrangement would mean that in the massed ranks of a grade three or better would be awarded to about two in every five entrants. Grade six or better would be given to approximately five in every six candidates.

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## Shake-up of bank unions proposed

By Nick Garnett, Labour Staff

THE FORMATION of a new TUC-affiliated trade union in the finance industry with a membership of 200,000 is proposed in an independent report on bank staff representation published yesterday.

The report, by Dr. Tom Johnston, chairman of the Scottish Manpower Services Committee, proposes a radical change in the organisation of unions within the five main English clearing banks.

It is likely to have widespread repercussions on union organisation and could have implications for union recruitment in insurance companies, building societies, and other financial institutions besides banks.

The report was commissioned by the Federation of Bank Employers in co-operation with the unions and is now being studied by the parties.

Officials in some of the staff organisations are almost certain to be very wary of the report's conclusions, which are likely to cause some problems for the TUC.

Because of the relatively narrow confines of the report, it will not end union squabbling outside the five banks.

The Association of Scientific, Technical, and Managerial Staffs, which has members in both banks and insurance companies but has not been directly involved in the inquiry, gave notice yesterday that it would fight the proposals.

The inquiry was set up after the disintegration earlier this year of national negotiating machinery within the five banks—Barclays, National Westminster, Midland, Lloyds and Williams and Glyn's.

The break-up was brought about by the withdrawal from the arrangement of the TUC-affiliated National Union of Bank Employees as part of its long-standing feud with staff associations in the banks.

## Demise

Dr. Johnston, whose brief was to examine staff representation in the five banks, proposes the formation of a single staff union for those banks made up of NUBE's members and those in the staff associations at Barclays, National Westminster and Lloyds. There are no staff associations at the other two banks.

This new staff union would be created through a merger under the 1964 Trades Union Act. The scheme envisaged progress towards this end by the middle of next year.

This would mean the demise of the non-TUC-affiliated Federation of Bank Staff Associations—the umbrella body for the staff associations which represent a total of more than 80,000 employees.

The new union would have subsidiary sections with autonomy over domestic matters within individual banks. It would also be part of a wider umbrella body, incorporating NUBE's members outside the five banks, which would be affiliated to the TUC.

Dr. Johnston said yesterday that the arrangement would provide a unified structure, with great opportunities for improving staff morale and productivity and boosting employee participation. He said that the report was "imaginative, with major points, and needed careful study."

The report, however, recognises the difficulties in trying to weld together TUC and non-TUC staff organisations, some of which have developed extremely bitter feelings towards each other.

Details Page 10

## THE LEX COLUMN

# Painful U.S. birth for Mothercare

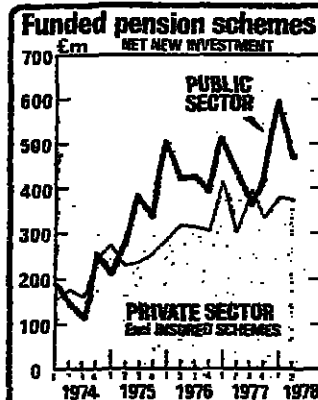
After Marks and Spencer's impressive performance last week—its pre-tax profits jumped by 40 per cent—a 9 per cent increase in Mothercare's interim pre-tax profits to £7.0m looks decidedly pedestrian. However, what really caught the eye—and sent the shares 8p lower to 160p—was the size of the American loss. From just £33,000 in the same period last year, this has mushroomed to over £1.0m in the latest half year and Mothercare does not now expect to be back in the black until early 1981.

Mothercare is not playing down its U.S. problems. It entered the market two and a half years ago (after an abortive effort to enter Japan) when it bought the Dekon Corporation for what seemed to be the ludicrously cheap price of £880,000. The big attraction was Dekon's 112 stores but these are now clearly proving to be a millstone. They are too small to take Mothercare's full range, added to which the American management committee, a potted Mothercare's problems by making some expensive buying mistakes. As a result, there have had to be some heavy mark-downs and the management has been reshuffled. Meanwhile, Mothercare has been opening up new U.S. stores under its own name but it is still much too early to tell whether Mothercare's highly successful formula as a specialist UK retailer can be transplanted with the same success overseas.

If it can be done, then Mothercare should be able to maintain its impressive growth record. It reckons that its current heavy U.S. overheads are sufficient to cover ten times the current business level, which means that if the U.S. operation runs well it could be generating sales of £100m plus and pre-tax profits of £10m or more. However, this is still some way down the line and until there is firm evidence that Mothercare has got to grips with its U.S. operation it will be relying on the UK side and to a lesser extent Europe, to provide the growth.

UK profits during the period rose by nearly a quarter on the back of volume increase of just under a tenth. With seven new stores coming on stream in the second half and further volume growth Mothercare should be able to boost its profits from £13.9m to £16m-£17m say. Assuming e.p.s. of 12p this puts

Index fell 4.6 to 495.6



the shares on a multiple of just over 13.

## Institutions

The kites were flying high over Staple Inn last night as Mr. Peter Moody—joint investment manager of the Pru—delivered a controversial presidential address to the Institute of Actuaries. His message was a clear one: the investment responsibilities as the dominant shareholders in industry, and they must establish a strong independent voice, as representatives of millions of policyholders, in the political arena.

Mr. Moody wants the institutions to have a place, at least occasionally, at the bargaining table where the Government, the TUC and the CBI already sit.

It is encouraging that such a leading institutional spokesman should be making these points in public. All too often the institutions prefer to leave controversial questions to sub-committees meeting behind closed doors. And while Mr. Moody is a hawk on many key investment issues, he must have known there were certainly many doves among the actuaries in his audience.

Many institutional fund managers, for example, are nervous of the eventual political response to the various gilded "confrontations." In the most recent of which took place in the spring and early summer. Some of the insurance companies, at least, if not the pension funds, would probably be prepared to settle for a modest degree of direction into gilts.

But there was a strong element of wishful thinking in his "logical" solution to the problem of the public sector of currencies in the Bureaux de Change.

On very high coupon gilts the yield differential between Dublin and London has come down to around 30p from the more usual 80p. (There are bigger differentials on lower coupon stocks.) Blocking the path to instant riches are the enormous practical difficulties of divorcing the currencies.

Still, the high yields on the gilts reduce the risks of speculation to a minimum, and we may yet see the punt added to the list of currencies in the Bureaux de Change.

Change.

## British Steel to 'mothball' £60m reduction plants

BY RAY PERMAN, SCOTTISH CORRESPONDENT

TWO DIRECT reduction plants—the first of their kind in Britain—being built for the British Steel Corporation at a cost of £60m are to be "mothballed" as soon as they are completed next spring.

The new units, under construction at Hunterston, Argyshire, would have provided 150 jobs for steel workers made redundant from obsolete plants elsewhere in Scotland, but recruitment will not start until at least 1980 and it might be much later.

The decision, already taken by the corporation but not yet announced, reflects the depressed demand for steel. The new plants, being built by Korf A G of West Germany, with "cold" commissioning (tested mechanically and electrically) but their gas-fired kilns will not be started up.

Direct reduction of ore to

make iron pellets as a feedstock for electric arc steelmaking is a relatively new process and there is only one other similar installation in Europe.

The method is intended to provide an alternative for scrap as a raw material for steel production, and the Steel Corporation has always stressed that it intended the Hunterston units—which will be able to produce 800,000 tonnes of pellets a year—in work flexibly.

But the present low price of scrap means that for six months at least after their completion in March or April the two plants are unlikely to be worked at all, and afterwards will be run at less than full capacity.

The long-term viability of the development has been weakened by the Government's decision earlier this year to cancel proposals for electric arc furnaces

at Hunterston and Ravenscroft, Lanarkshire, on the grounds that they would add to already under-used capacity.

There are two existing electric arc furnaces at Hunterston, one at Clydesdale Tube Works, Bell's Hill, but at peak output they would jointly consume less than the production of one direct reduction unit.

The alternative of transporting pellets by rail to Sheffield would be the economic only when the price of scrap is high.

The 1400-acre site at Hunterston, much of it reclaimed from the sea, was to have been used for a modern integrated steel-works on the Japanese pattern.

Only the ore transport—by rail—remains to be built at a cost of £100m, and scheduled for completion next summer, looks like becoming an early reality.

News Analysis Page 8

## Deadlock in hospitals dispute

BY OUR LABOUR STAFF

UNION representatives and management in the nationwide hospitals dispute renewed attempts to break the deadlock yesterday as industrial action by 3,500 National Health Service workers entered its fifth week.

Earlier in the day, Mr. David Ennals, Secretary for Social Services, had made a fresh appeal to the supervisors to call off their action in the face of mounting discussion to hospital services, lengthening waiting lists and increasing danger to patients.

"The unions have nothing to lose if they call off their action now," he said. Negotiations could still continue on their grievances.

After a weekend in which relations between Mr. Ennals and the unions markedly soured over his reference on Friday to patients during because of the industrial action, the Advisory Conciliation and Arbitration Service succeeded for the second time in bringing the two sides under its roof for further talks.

But after several hours of talks in separate rooms at the ACAS headquarters in London, unions and management were still apart last night with no sign of a break in the deadlock.

Mr. Ennals met the chairman of the management side during the morning as evidence mounted of individual patients' sufferings. A telegram from Sir John Donne, chairman of the South East Thames Regional Health Authority, included a statement that a number of patients with "lumps," some of which were likely to be malignant, were not being seen.

On the latest assessment of the dispute, Mr. Ennals said the country, 8,000 beds are said to be out of action, and 30,000 patients added to the waiting list. Operating theatres are also having to restrict their work.

Works supervisors are restricting to hospital machinery in support of their claim for an improved pay grading structure. They have asked for a 15 per cent guarantee bonus to solve an anomaly which, under the present offer, would leave some of them worse off than the craftsmen who work under them.

Dr. Johnston said yesterday that the arrangement would provide a unified structure, with great opportunities for improving staff morale and productivity and boosting employee participation.

He said that the report was "imaginative, with major points, and needed careful study."

The report, however, recognises the difficulties in trying to weld together TUC and non-TUC staff organisations, some of which have developed extremely bitter feelings towards each other.

Details Page 10

## Callaghan resists party challenge

Continued from Page 1

At Britain, whether it would stabilise exchange rates, and whether it would work if the inflation and growth rate of member-countries were not the same.

Mr. Healey seemed to adopt a more neutral stance and said that if EMS could help Britain "at an acceptable price, then we should seriously consider it."

He repeated earlier British demands that there should be an arrangement that ensured stronger currencies and met a greater part of the support costs, and reform of the Common Agricultural Policy.

Peter Riddell writes: The apparent failure of the UK so far to win significant concessions from West Germany and France on the proposed monetary system has not altered the intention to continue negotiating in an effort to clarify the terms before a decision is reached.

However, the special Cabinet committee on the scheme has

ordered an inquiry into the implications if the UK decides not to join on January 1, and also into a variety of intermediate arrangements.

Among the possibilities being investigated is the option that the UK might not become a full participating member immediately but with the intention of joining later when domestic inflation prospects permitted, and meanwhile would continue talks with the rest of the EEC.

But the political position remains fluid and the Prime Minister, who has been committed in principle to the scheme, has so far not given his views to the rest of the Cabinet.

The next stage of the talks in the EEC is likely to be at an official rather than a Ministerial level.

This will involve more detailed studies into whether transfer of resources within the Community

Agricultural Policy can be improved.

A report is due to go to the Heads of Government summit in Brussels in early December.

Meanwhile other officials will attempt to reconcile differences about how the scheme will operate before a meeting of Finance Ministers on November 20.

It is unlikely that any formal Cabinet decision on the terms will be taken before then.

Adrian Dicks in Bonn writes: Chancellor Helmut Schmidt's determination to see the proposed European Monetary System come into operation next January appears to be running into increased opposition in West Germany.

Two of the most distinguished independent voices warned today that an EMS acceptable to West German economic interests would probably not be able to hold together.

In contrast to the objections raised here last week by Mr. Callaghan and Mr. Healey, the points raised by leading non-official economists carry the conviction of Europe. On the contrary, hopes would once again have been disappointed.

In an entirely separate position paper, the Economics Ministry's panel of advisers appealed to the Government to put monetary stability first. The alternative EMS models under consideration should be judged according to how far they would contribute towards this goal.

Countries already "closer to this objective should not, through the intervention mechanism, be obliged to make major departures from their stability-oriented policies."

On the contrary, the intervention mechanism might be set up in such a way that a policy allowing above-average inflation would be incompatible with EMS membership.

"If the central rates were held

## Weather

### UK TODAY

MOSTLY dry, with sunny periods. Some rain in Scotland. London, S.E. and Cent. S. England, East Anglia, E., W. Midlands, Channel Is.

Dry, sunny periods. Max. 15C (59F).

N.E. and Cent. N. England, Borders, S.W. England, Wales

Mostly dry, sunny spells. Max. 15C (59F).

N.W. England, Lakes, I. of Man, S.W. Scotland, N. Ireland

Mostly dry. Drizzle on coasts. Max. 14C (57F).

Edinburgh, Dundee, Aberdeen, Glasgow, Cent. Highlands, Moray

Firth, N.E. and N.W. Scotland, Argyll

Outbreaks of rain. Max. 12C (54F).

Orkney, Shetland

Showers, sunny intervals. Max. 10C (50F).

Outlook: Mostly dry and sunny. Overnight fog.

### BUSINESS CENTRES

Overnight fog. Mostly dry and sunny.

**BUSINESS CENTRES**

	Y-day	midday	Y-day	midday	
Amerstdm.	F 17	33	Madrid	S 19	88
Algeria	S 17	33	Manila	S 17	33
Bahia	S 17	33	Montevideo	S 17	33
Batavia	S 17	33	Moscow	S 17	33
Bombay	S 17	33	Munich	S 17	33
Buenos Aires	S 17	33	New York	S 17	33
Calcutta	S 17	33	Osaka	S 17	33
Canton	S 17	33	Paris	S 17	33
Cebu	S 17	33	Perth	S 17	33
Colon	S 17	33	Rio de Janeiro	S 17	33
Hankow	S 17	33	Rome	S 17	33
Hong Kong	S 17	33	Sao Paulo	S 17	33
Kobe	S 17	33	Shanghai	S 17	33
London	S 17	33	Seoul	S 17	33
Lyons	S 17	33	Singapore	S 17	33
			Taipei	S 17	33
			Tokyo	S 17	33
			Toronto	S 17	33
			Winnipeg	S 17	33
			Zurich	S 17	33

### HOLIDAY RESORTS

	Y-day	midday		Y-day	midday
	°C	°F		°C	°F
Algeria	F 17	33	Jersey	S 17	33
Amsterdam	F 17	33	Las Palmas	S 17	33
Bahia	S 17	33	Lisbon	S 17	33
Bombay	S 17	33	London	S 17	33
Buenos Aires	S 17	33	Madrid	S 17	33
Calcutta	S 17	33	Manila	S 17	33
Canton	S 17	33	Moscow	S 17	33
Cebu	S 17	33	Munich	S 17	33
Colon	S 17	33	New York	S 17	33
Hankow	S 17	33	Osaka	S 17	33
Hong Kong	S 17	33	Paris	S 17	33
Kobe	S 17	33	Perth	S 17	33
London	S 17	33	Rio de Janeiro	S 17	33
Lyons	S 17	33	Rome	S 17	33
			Sao Paulo	S 17	33
			Shanghai	S 17	33
			Seoul	S 17	33